

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday March 23 1983

Lambsdorff: winning
on at least
three fronts, Page 2

D 8523 B

Agencia	Sch 15	Indonesia	Rp 1000	Philippines	Pes 20
Bahamas	Da 1.550	Italy	L 1100	Principal	Esc 65
Belgium	Gf 35	Japan	¥ 100	S. Arabia	Ria 6.00
Canada	Cd 50	Saudi	S 500	Singapore	S\$ 4.10
Denmark	Dk 7.50	Spain	Pes 500	Sri Lanka	Rs 50
France	F 100	Sweden	S 5.00	Switzerland	Sfr 2
Germany	DM 1.00	Thailand	Th 5.00	Taiwan	NT 100
Greece	Dr 200	U.K.	£ 1.00	U.S.A.	\$ 1.00
Holland	fl 1.00	U.S.A.	\$ 1.00		

No. 29,031

NEWS SUMMARY

GENERAL

EEC in appeal to Arafat on Hussein

European Community heads of government have appealed to Palestinian Liberation Organisation leader Yasser Arafat to give the go-ahead for King Hussein of Jordan to join the Middle East peace talks. The two are talking in Amman this week and their meeting could decide whether King Hussein agrees to negotiate on U.S. President Ronald Reagan's peace proposals.

The EEC leaders said: "The Palestinian people and the PLO should seize the present opportunity by declaring themselves in favour of peace negotiations." Page 16

Blow for Begin

Opposition candidate Chaim Herzog, 84, born in Belfast, was elected President of Israel in a secret ballot of MPs, beating the Begin coalition's nominee. Page 3

Socialists gain

The Social Democrats, leaders in Finland's ruling coalition, gained six seats in the general election, to win 58 of the 200 seats, and the "maverick" Rural Party went up from six to 17. The Conservatives, who hoped to gain extra seats to force their way into a new coalition, slipped from 46 to 44. Page 2

French gesture

France is sending to Haiti an urn containing earth from the French prison where the ashes of Toussaint Louverture were scattered. He was born into an African slave family and served as a French general before leading the fight for Haiti's independence in 1800 and becoming its first president.

Spanish bases talks

U.S. Defence Secretary Casper Weinberger arrives in Madrid today for two days of talks about agreements on U.S. bases in Spain.

Moscow fast over

Moscow peace campaigners Sergei Rosenov and Sergei Batovnin ended their fast in protest against nuclear weapons on its 32nd day.

Coalition agrees

The West German Centre-Right coalition partners, who emerged victorious from the general election on March 6, reached broad agreement on their new government programme at a final negotiating session last night. Details will be announced at a press conference today.

Illegal punishment

European Court of Human Rights awarded Scotland a £45,000 (£45,000) compensation because he was barred from a school for refusing to accept corporal punishment seven years ago.

Death for prosecutor

Public prosecutor in Tokmak, in the Soviet republic of Kirghizia, was sentenced to death for seeking bribes.

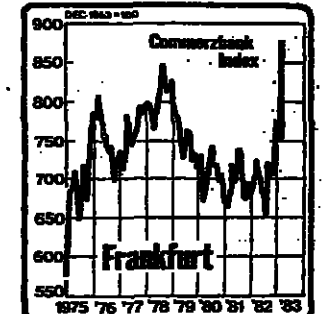
Briefly...

Basque Separatists said they abducted a San Sebastian steel plant manager.
Pieternardburg, Unfinished National Supreme Court building was damaged by an explosion.
Four hundred anti-nuclear demonstrators at Vandenberg Air Base, California, were arrested.
Vikas Gurnani, U.S. tennis star, will not face trial on cocaine charges, a New York jury decided.
Bangladesh train plunged into a canal, killing 14.

BUSINESS

Frankfurt index at 13-year high

●FRANKFURT: Revaluation of the D-Mark pushed up the Commerzbank index 21.5 to 579.7, a 13-year high. Pages 27, 30
●LONDON: FT Industrial Ordinary index rose 7.9 to 6004. Government Securities showed gains averaging just over 0.5 per cent. Page 27. FT Share Information Service, Pages 32, 33
●WALL STREET: Dow Jones index closed 1.74 down at 1,123.5. Page 27. Full share listings, Pages 28-30
●TOKYO: Nikkei Dow index went up 46.89 to 8,281.59, a record. Stock Exchange index improved by 3.73 to 610.32. Report, leading prices, other foreign markets, Pages 27, 30



●DOLLAR lost some Monday gains, falling to DM 2.4085 (DM 2.418), FF 7.225 (FF 7.24), SwFr 2.0735 (SwFr 2.08) and Y29.4 (Y29.1). Its Bank of England trade weighting fell from 122.6 to 122.2. In New York, the dollar moved to DM 2.4102, FF 7.225, SwFr 2.074 and Y29.37. Page 34

●STERLING rose 15 points to 51.472, but slipped to DM 3.55 (DM 3.57), FF 16.53 (FF 16.55), SwFr 2.055 (SwFr 2.06) and Y29.25 (Y29.25). Its trade weighting dropped from 78.9 to 78.5, lowest since November 1978. In New York, it closed at 51.4735. Page 34

●GOLD rose \$6.25 in London to \$429.75, by \$6.75 in Frankfurt to \$421.5, and by \$7 in Zurich to \$421.5. In New York, the Comex March settlement was \$418.7 (\$420). Page 31

●CHINA cancelled a £100m (£147m) deal for a British consortium to refit warships with Sea Dart missiles. UK Government placed an order for the 17th nuclear-powered submarine with Vickers of Barrow.

●YURKEY devalued by 3.3 per cent against the dollar and 2.1 per cent against the D-Mark.

●SAUDI ARABIA will cut spending slightly following the Opec oil cut, but its financial reserves will absorb most of the impact, said Crown Prince Abdullah Ibn Abdulaziz.

●BRITISH RAIL lost £174m (£256m) last year and blamed it on strikes. Page 8

●YUGOSLAVIA is to introduce checks for foreign tourists to pay for goods and services at 10 per cent discount.

●KUWAIT PETROLEUM filed a counter-suit against Getty Oil in New York to recover oil worth at least \$230m.

●NEWS CORPORATION'S AS\$2m (\$27.8m) purchase of 8.3 per cent of Thomas Nationwide Transport, and other companies' buying of TNT stock is to be investigated by Australia's National Companies and Securities Commission. Page 18

●BET, UK diversified group, plans to buy the 38.1 per cent of electronic company Rediffusion it does not own. The holding is worth more than £4m (£127m) at yesterday's share price.

New York closing stock prices were not available for this edition because of technical difficulties in the U.S.

Mauroy gets new mandate as French Prime Minister

BY DAVID HOUSEGO IN PARIS

M Pierre Mauroy was given a fresh mandate as French Prime Minister last night after he had formally handed in his Government's resignation to President Francois Mitterrand.

In deciding to ask him to stay on, Mitterrand's aim is to bolster the Government's image with the Left of the Socialist Party and the Communists while carrying through a further austerity package to reinforce Monday's devaluation of the franc. M Jacques Delors, who had at one moment seemed likely to succeed M Mauroy as Premier, is expected to be confirmed as Finance Minister in a smaller and more closely-knit Cabinet.

The announcement that M Mauroy, 54, a long-standing Socialist of modest family background, had been asked to lead his third Government under Mitterrand's Presidency ends ten days of suspense and uncertainty while the administration wrestled with disagreements over economic policy.

His position as Prime Minister seemed increasingly in doubt after the sharp rebuff to the Socialists in the first round of the municipal elections on March 6. As a result of that it seemed President Mitterrand would ask M Delors to take over as Prime Minister and carry through a tough anti-inflationary policy to regenerate the economy before the legislative elections of 1988.

After the unexpected comeback of the Left in the second round of the municipal poll M Mauroy's personal position was much strengthened and there was a rallying to his cause by radical Socialists and Communists.

In M Mitterrand's eyes he therefore became an increasingly attractive candidate to help rally a wide consensus behind the inevitably unpopular measures ahead and to provide a guarantee of continuity for the Left.

M Mauroy, however, had doubts himself whether he wanted to stay on. He is a strong advocate of France remaining within the EMS, but he also believes that tightening measures should not deflect the Government from its social and employment objectives.

As a potential presidential candidate and successor to M Mitterrand

Venezuela seeking 3-month delay on debt

By Alan Friedman, Banking Correspondent, in London

VENEZUELA, which is believed to have total foreign debt of about \$32bn, is expected to ask the International Monetary Fund for about \$1.2bn in loans to help it through its liquidity problems.

Bankers involved in the country's debt rescheduling negotiations said last night that they expected Venezuela would also soon ask its creditors for a three-month moratorium on repayments of public sector principal.

Although Venezuela has denied recent reports that it would tap its IMF facilities, Dr Arturo Sosa, the Finance Minister, was quoted by Reuters last night as having said in Caracas that the Government would seek an IMF loan "because we are members and that is one of the facilities open to members."

Dr Sosa is reported to have said the loan request would go ahead as soon as an IMF mission in Caracas had completed its report. The mission is expected to return to Washington this week.

Venezuela has been struggling to negotiate the rescheduling of around \$9bn to \$10bn of public-sector debt which falls due this year.

A variety of problems, including a foreign-exchange crisis, administrative delays on debt repayments, interrupted meetings between the Finance Minister and creditor banks and the drop in oil prices, have created an atmosphere of confusion and concern among bankers with loan exposure to Venezuela.

It is understood that some leading creditor banks have been urging Dr Sosa to seek the IMF facility and request a temporary moratorium on principal repayments to provide a breathing space for further talks on rescheduling.

The precise details of the expected three-month moratorium are not clear, but some bankers have suggested it could cover public-sector debt which matures up to June 30. Interest payments are expected to continue normally.

Venezuela's public-sector debt is believed to total more than \$20bn out of the \$32bn in total public and private-sector foreign debt.

Costa Rica's deadline, Page 16

Ford hesitates on \$1bn plant for Portugal

BY BRIAN GROOM IN LONDON AND DIANA SMITH IN LISBON

FORD OF EUROPE is believed to be considering abandoning proposals to invest \$1bn in building a vehicle assembly plant in Portugal with a capacity of 200,000 units a year. Although no final decision will be made until the middle of next year, the company's commitment to the plan is far less certain than when it delivered a provisional letter of intent to the Portuguese Government last July.

A decision not to go ahead with the plant in the new industrial and petrochemical complex of Sines, in southern Portugal, would be a crushing blow to the country's desire to attract sizeable foreign investment and to its plans for promoting Sines as a major international port and industrial complex.

The deal, if clinched, would be the largest single foreign investment in Portugal, creating, in its first stage, about 5,000 jobs in a depressed area.

Ford's doubts are said to have been caused by the general economic position and the state of vehicle markets not only in Europe but elsewhere. It is even possible that the factory, if it goes ahead, will be built not in Portugal, but in another country.

The company told the Portuguese Government that the vehicle it planned to make would be in addition to existing ranges. It is believed to be a speciality car for sale in Portugal, elsewhere in Europe and in other markets.

In Lisbon, Sr Alexandre Vaz Pinto, head of the Foreign Investment Institute and the man in charge of negotiations with Ford, said he doubted whether reports of a Ford cancellation were true.

He said negotiations had taken place as late as last week on technical aspects of the deal. However, Sr Pinto, who is also Deputy Governor of the Bank of Portugal, acknowledged that Ford had told him recently that a final decision on the investment was being delayed by the continued depression in the world automotive market.

The letter of intent was signed on July 16 last year by Mr Philip Caldwell, chairman of Ford, and Sr Francisco Pinto Balsemão, Portugal's Prime Minister. The Prime Minister said at the time that it would help to reverse the country's serious balance-of-payments deficit.

The letter contained a number of provisions, however, including the state of Ford's product programme and markets, and a number of issues involving the Portuguese Government.

Dispute at UK plant, Page 8

Budget vote threat to U.S. fiscal policy

BY ANATOLE KALETSKY IN WASHINGTON

THE U.S. might face another fiscal policy crisis like the budget stalemate that paralysed financial markets for much of last year if the House of Representatives votes today for Democratic Party proposals to cut defence spending and raise taxes.

President Ronald Reagan has expressed to address the nation on television later tonight to rally support for his defence spending programmes if the Democrats succeed in passing the budget alternative put forward last week by the House budget committee.

The Democratic Party has a commanding 102-seat majority in the House as a result of last November's Congressional elections and even the Republican Congressional leadership conceded yesterday that the Democrats' budget plan was likely to be carried.

President Reagan has said the Democratic plan would "bring joy to the Kremlin," because it reduces the rate of growth of defence spending from 10 per cent to 4 per cent in real terms. The plan also calls for a \$15bn reduction in the 1984 budget deficit, \$17bn of additional non-defence spending and a \$30bn increase in taxes. The Administration has denounced it as "irresponsible" and warned that it could bring the economic recovery to a halt.

President Reagan is not willing to discuss compromise on any aspects of the Democratic budget. This is although the Senate budget committee, which has a Republican majority, is also preparing a plan to reduce the growth of defence spending and will probably seek some tax increases in order to curb deficits.

On Monday Mr Donald Reagan.

Continued on Page 16
U.S. markets, Page 27

UK tax moves trigger Shell North Sea plan

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

SHELL UK is about to embark on a major new North Sea oil development programme as a result of offshore tax concessions included in the Budget. This is the first clear signal that the budget measures are likely to trigger a resurgence of offshore investment. Mr John Raisman, Shell UK's chairman and chief executive, said yesterday the reduction in taxation would be welcomed by the North Sea industry as a "positive stimulus" to development.

He was announcing an improvement in the company's net profits, from £130m (£232.4m) in 1981 to £240m last year. The increase was due almost entirely to Shell's higher oil and gas production in 1982, he said. This, in turn, was the result of a North Sea investment programme which totalled £4.7bn in 1982 values. Esso, Shell's North Sea partner, has invested a similar sum.

Mr John Jennings, managing director and head of exploration and production, said Shell was likely to spend £350m-£400m or more annually over the rest of this decade. Shell revised the two previously shelved projects - the northernly Tern and Elder fields - because of the improved tax position, he said. Appraisal drilling would be carried out later this year so that development decisions could be taken early next year.

In addition, the company was considering exploiting clusters of small oilfields in the central sector of the North Sea, Mr Jennings said. These unnamed discoveries were too small to be developed individually, so Shell was hoping to use the latest production technology to exploit groups of reservoirs.

But North Sea oil prices would need to rise first, he added. The field clusters, perhaps yielding some 100,000 barrels a day, could cost about \$25 a barrel to exploit. (Shell is selling spot market cargoes of crude at about \$28 a barrel.)

Shell UK, which last year produced 267,000 barrels a day of North Sea oil (54 per cent more than in 1981) is among companies still discussing new UK crude price levels with British National Oil Corporation. Mr Raisman said that contract rates - in Shell's case, \$33.50 a barrel - would be influenced by other producing countries.

He said that the Soviet Union was one of the major destabilising forces as it was selling a great deal of crude oil and refined products on the European market at "very low prices."

Mr Raisman said that, in contrast to North Sea activities, the downstream businesses - oil products and chemicals - remained depressed.

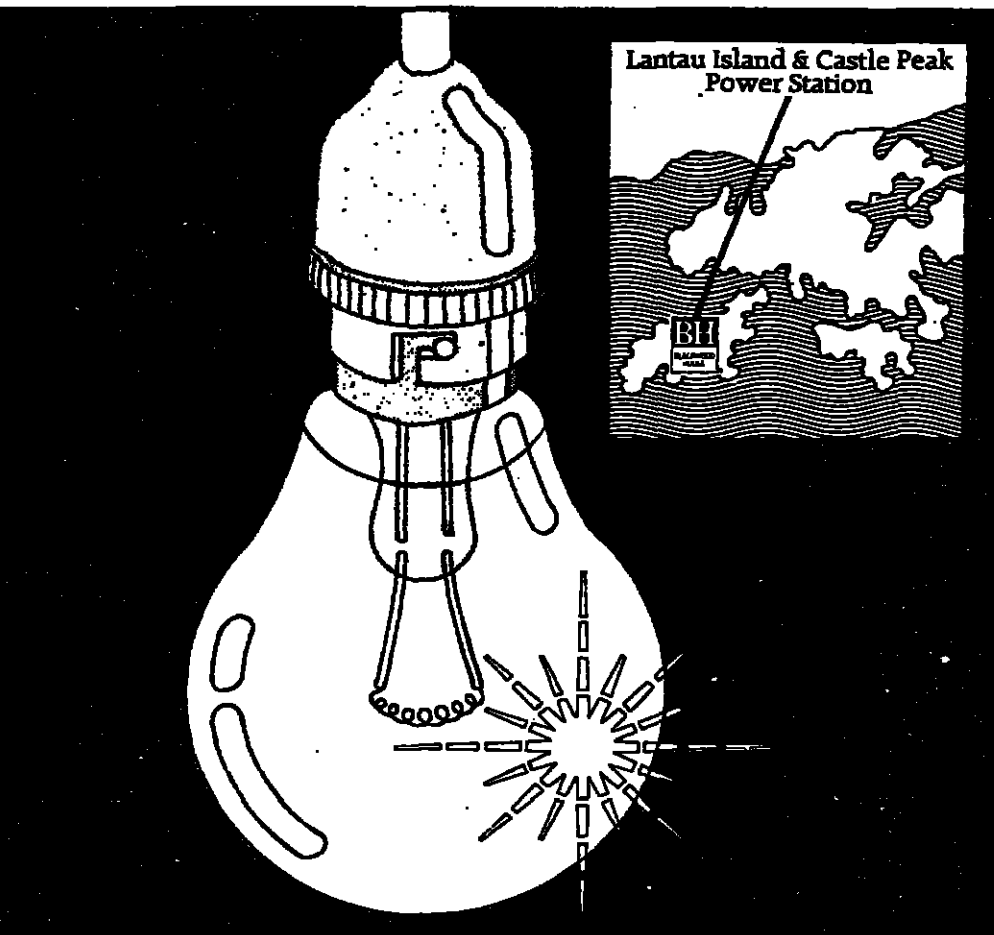
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Europe	2	Editorial comment	14
Companies	17	Supplements	26
America	4	Euro-options	25
Companies	17	Financial futures	34
Overseas	3	Gold	31
Companies	18	Int. capital markets	26
World Trade	4	Letters	16
Britain	8, 9	Law	16
Companies	20-22	Management	23
		Market monitors	27
		Men and Matters	14
		Mining	21
		Money Markets	34
		Raw materials	27, 30
		Stock Markets - Boreses	27, 30
		- Wall Street	27-30
		- London	32, 33
		Technology	19
		Weather	16
Agriculture	31		
Arts	26		
- World Guide	12		
Commercial Law	26		
Commodities	31		
Currencies	24		
West Germany: interview with Count Lambsdorff	2	London's police: the new Commissioner's plans	14
Guatemala: the prospects for peace are poor	4	Williamsburg summit: time for bold leadership	15
The Opec countries: after the oil price cuts	6	Lex: Standard Chartered; Burton; Datastream	16
Technology: looking to the sun for power	10	Management: the birth of a radio station	23
Editorial comment: EEC and Middle East; commodities	14	Courier & parcel services: Survey	Section IV

EUROPEAN NEWS

Jonathan Carr interviews West Germany's Economics Minister

Crown Prince Lambsdorff—a winner on at least three fronts

COUNT OTTO LAMBSDORFF is in buoyant mood. He is about to be re-appointed West German Economics Minister (despite quite a lot of public speculation that he might not be). He is more confident than ever that the economy will be growing strongly in the second half of this year, with inflation even lower than previously forecast. And to cap it all, he has tickets for his favourite Bach festival in Southern Germany this summer.

Even the difficult negotiations to realign the currencies in the European Monetary System (EMS)—and the accompanying criticism of West Germany by France—have failed to undermine this good humour. Interviewed in his Bonn office, Count Lambsdorff waved a hand airily and said he saw the criticism, which "had no factual justification," against the background of French domestic policy, including Cabinet changes and new economic measures.

"When you are in that situation you tend to look around for a lightning conductor," Count Lambsdorff noted. "In this case it was the Federal Republic of Germany. But in the end the French Government had to make its contribution to the realignment too (a 2.5 per cent devaluation of the franc)."

As to whether the devaluation was enough to keep the franc off the floor in the EMS for long, Count Lambsdorff stressed that this depended crucially on what kind of economic and financial package President François Mitterrand announced today. The Bonn Government had heard tough measures were to be introduced—but it wanted to see in detail what they entailed before forming an opinion.

Austerity

The Minister agreed that an intensified austerity programme in France would be no help to Germany's exporters (who sold DM 60bn (£16.5bn) worth of goods to France last year alone). The 5.5 per cent revaluation of the D-Mark which Bonn had accepted was "not especially beneficial" to West Germany's emerging economic upturn.

On the other hand the Germans — and the European Community as a whole — had a big interest in seeing the French economy on a more stable footing. Further, despite the currency issue there were several encouraging factors now working for more economic growth in Germany, Count Lambsdorff believed.

Orders to industry were proving stronger than many people had anticipated, the election result (confirming Chancellor Helmut Kohl's centre-right coalition in office) had boosted business confidence, and speedy agreement had been reached among the Government partners to hold net Government borrowing next year below the 1983 level of around DM 40bn.

Count Lambsdorff could not be tempted into revising the Government's economic growth estimate this year of around 3.5 per cent in nominal terms. But he felt it was "not excluded" that the average inflation rate might drop to below 3 per cent, compared with more than 5 per cent in 1982. Helpful factors here were falling interest rates and the plummeting oil price.

It is no secret that Count Lambsdorff, Economics Minister since late 1977, fought hard to have his liberal Free Democrats (FDP) switch Government partners — even before last autumn when the break finally came. But what made him think things would really be easier with Herr Kohl's Christian Democrats (CDU) than with ex-Chancellor Helmut Schmidt's Social Democrats (SPD)?

After all, the other member of the present coalition, the Bavarian Christian Social Union (CSU) under Franz Josef Strauss often seemed bent on overruling much that the FDP had achieved in 13 years of government with the SPD.

Count Lambsdorff took an almost avuncular view of the Union parties, and even of the ebullient Herr Strauss. "Of course when you have been so long in opposition, you tend to come out of it at full steam, wielding axes and saying the previous lot made a complete mess of things. But you soon find drastic changes are not easy to make — either abroad, where the country is bound by treaty commitments, or at home."

Key point

Count Lambsdorff said that for him the key point was that the new partners—CDU and CSU—really wanted to cut Government borrowing to encourage lower interest rates, wanted to reduce the tax burden on industry to help boost investment and were ready to take the tough decisions (including cuts in some social benefits) which this involved.

The Minister insisted that while Herr Schmidt had been ready to go some way along this road, the majority of his party had not been. From a strictly economic viewpoint, Count

Lambsdorff said, it would have been better had the old coalition broken up a year earlier—although there had been other factors besides economics which Herr Hans Dietrich Genscher, the FDP chairman, had had to weigh in the balance.

Herr Schmidt's problem, Count Lambsdorff said, was that he had had to try to govern without much of his party behind him—and Herr Kohl's great strength as Chancellor was that the vast majority of his party supported him, down to the grass roots.

"Anyone who thinks Herr Kohl is a provincial idiot from Rhineland Palatinate should consider how he has outmanoeuvred Strauss for eight years," Count Lambsdorff said bluntly. "Kohl judged the situation correctly: he followed the right policies... and now Strauss says he will stay in Munich" (a reference to the Bavarian leader's decision, announced on Monday, not to accept Herr Kohl's offer of a job in the new Bonn Cabinet).

What of Count Lambsdorff's own future? According to one line of speculation, in the Press and elsewhere, his days as a Minister are numbered because of his alleged involvement in a tax evasion affair. Count Lambsdorff, who has repeatedly



denied misconduct, dismissed the rumours, saying "the decisive questions are: does the FDP want me to stay on? It does. Does the Chancellor want me? He does. So that's the way it will be next week (when the new Cabinet is appointed)."

What of the other line of speculation—that Count Lambsdorff may replace Herr Genscher as FDP leader? He has long been seen as the Crown Prince, Count Lambsdorff laughs it all off. "Sometimes Crown Princes stay Crown Princes," he points out blandly. Sometimes they do.

Polish debt repayment plans revealed

By Christopher Sobczak In Warsaw

POLAND'S Parliament yesterday received for its approval a balance of payments plan which envisages the raising of \$800m in credits this year and none in 1984 and 1985, as Polish and Western bankers completed two days of talks in Warsaw on the country's 1983 debt rescheduling.

Total debt at the end of this year will be \$28.5bn rising to \$32.3bn at the end of 1983, according to the figures, which cover both Poland's government and private bank obligations. The figures will have been given to the banks at an earlier meeting in Warsaw and the current round is devoted to hearing the bankers' reply. All payments are to be made from a trade and services surplus, rising from \$1.5bn this year to \$1.4bn next year and \$1.6bn in 1985. The members of Parliament have been told that all capital repayments fall due in 1984, and that the year period will have to be rescheduled as well as most of the interest payments.

The plan also warns that raising \$800m in new credits this year is problematical and that should there be a short-fall, imports and exports will be affected.

This year the authorities are expecting to repay \$1.5bn worth of the \$3bn falling due in interest and \$200m of capital repayments. No repayment of capital is envisaged next year and \$800m of capital repayment is planned for 1984.

This year, the figures assume Poland will capitalise \$1.1bn worth of debt service payments outstanding to Western governments which have not resumed debt talks as a sanction following martial law.

In 1984 the Government is expecting to repay \$1.4bn in interest, representing that year's balance of payments surplus while the remaining \$1.9bn of interest payments will be rescheduled. A similar pattern is envisaged for 1985 with interest payments dropping to \$800m and the remaining \$2.7bn of interest due being rescheduled.

Warning to Solidarity leaders

By Our Warsaw Correspondent

POLAND'S interior minister, Gen Czesław Kiszczak, has warned the Solidarity movement that the Government is ready for any demonstrations they may call on May Day.

In an indirect rebuff to Mr Lech Wałęsa, the Solidarity leader who has been taking a more forthright line in an attempt to force the authorities to come to terms with his movement, Gen Kiszczak warned "those former internees who have understood little of their present situation" that there is no return to the past.

General Wojciech Jaruzelski, the country's military leader is expected to announce several government changes today. These include the resignation of Mr Józef Władysław, the Agriculture Minister, against a background of deteriorating farmers' incomes. He will be succeeded by Mr Stanisław Zieba, the head of the Communist party farming department.

Mr Mieczysław Moczar, a powerful figure in the 1960s who played a brief role as a moderate in the early leadership during the Solidarity period, is finally resigning as head of the State Chamber of Control. He is to be replaced by Mr Józef Hupaloński, until now the Local Government Minister.

Mr Stanisław Ciolek, the Minister for Trade Union Relations, is to combine this job with that of Wages and Social Policy Minister.

W. German machine tool industry faces third year of decline

BY STEWART FLEMING IN FRANKFURT

A PLEA to West German banks not to refuse new credit facilities to the struggling machine tool industry has been made by Herr Bernhard Kapp, chairman of the industry association.

"We ask the banks, who have the power to make or break our small and medium sized companies because of their low equity-capital ratios, to have consideration for their situation and not to deny them help as these companies turn to their bankers for further credit in the coming economic upswing," he said yesterday.

The West German machine tool industry, which comprises around 400 small and medium sized manufacturers, suffered a second consecutive year of declining real production last year. Production fell by 10.3 per cent in real terms, following a 5 per cent drop in 1981. In nominal terms, output was DM 9.85bn (£2.7bn) compared to DM 10.3bn (£2.9bn) the previous year.

Capacity utilisation in the industry fell by the end of the year to about 77 per cent and, through the year, averaged 80 per cent. Recent figures from Kapp, this means that on average companies in the sector must have been losing money. "Theoretically, we need capacity utilisation of around 85 per cent to be profitable."

Industrialist kidnapped in Spanish Basque country

BY DAVID WHITE IN MADRID

THE KIDNAPPING of another industrialist by another Basque country puts to the test the resolve of the Socialist Government in its bid to crack down on the payment of ransoms and extortion money to terrorist groups.

The authorities yesterday adopted a new tactic by offering Pta 20m (£100,000) reward for information leading to the release of Sr Jesus Guibert, 35-year-old manager of a steel company in the San Sebastian region.

Responsibility for the kidnap has been claimed on behalf of the Autonomas and Capitalist Commandos, an extremist splinter group.

Sr Guibert was taken captive on Monday morning as he

arrived at the car park of the family-run company, Marcel Urcin. An active member of the Conservative Basque Nationalist Party, the PNV, he was the 48th victim of the wave of kidnappings which began in the region in 1976.

A family spokesman yesterday neither confirmed nor denied reports that Sr Guibert had been paying the so-called revolutionary tax demanded by factions of the Eta separatist organisation.

The incident is the third of its kind since the Socialist Party won power last autumn. The authorities announced in January they would take tougher action to stop funds being paid to terrorists.

Greek Right angered by murder of publisher

By Victor Walker in Athens

GREEKS' OPPOSITION New Democracy Party is planning a show of strength today at the funeral of Mr Tzortzis Athanasiadis, a prominent right-wing newspaper publisher who was shot dead in his office on Saturday night.

Party organisations called on members to attend the interment ceremony, which was held in Athens cathedral as posters went up with the photograph of Mr Athanasiadis above the slogan "you live on and guide us."

Mr Evangelos Averoff, the New Democracy leader, and other party officials have already charged that all indications point to a political assassination. The Socialist Government and the Communist Party have accused Mr Averoff of prejudging the issue.

Mr Athanasiadis was shot at point blank range by an unidentified assassin who has so far escaped arrest despite a nationwide police manhunt.

A clandestine organisation claiming to represent "oppressed" soldiers in the Greek army has claimed responsibility for the murder.

In a letter found in a waste basket following a telephone call to Athens, the letter more than 24 hours after the killing, a group calling itself "Organisation of Anti-military Struggle," said it had warned Mr Athanasiadis against publishing what it termed reactionary propaganda about "despotism and terrorism which reign in the Greek army."

There have been several unexplained suicides in the army in recent months. The letter threatened other publishers and journalists, including the pro-Government press, if they, too, ignored conditions in the army, which it described as "appalling."

Greens on the grass

THE GREENS, the ecologist and pacifist party which entered the West German Parliament for the first time after the March 6 election, yesterday moved on to a laws tables and chairs from their offices in protest at what they said was the failure of officials to supply them with suitable office space.

VOTERS UPSET POLL PREDICTIONS

Finnish parties face lengthy wrangle

BY LANCE KEYWORTH IN HELSINKI

NEGOTIATIONS on the formation of a new Finnish government after the general election are unlikely to be protracted. The Conservatives, who had hoped to secure the right to a place in government for the first time in 17 years, failed to achieve the polls predicted for them in the run-in to Sunday and Monday.

The loss of eight seats by the Communists was no surprise but the 10-seat gain by the small Rural Party, a maverick group with a base among small farmers, upset all forecasts. The 1983 general election was not the decisive event predicted by the public opinion pollsters.

The preliminary results, which will not change significantly, were as follows: Social Democrats 57 seats (+5), Conservatives 44 (-3), Centre-Left 38 (-2), Communists 27 (-8), Rural Party 17 (+10), Swedish People's Party 11 (+1), Christian League 3 (-9), Others 3 (+3).

The socialist parties have 94 members of Parliament and the non-socialists 118, assuming that the "others" are non-socialist. The present Left-Centre coalition of Social Democrats, Centre-Left and Swedish People's Party emerges with 106 in the 200-seat Parliament, a gain of three.

But President Mauno Koivisto, for whom this is the

first serious test in appointing a new government, has stated that he wants a long-term solution and a government with a 120-seat majority necessary to pass budgetary bills.

There is little doubt that the base of such a government must be the Left-Centre coalition which has held power for the best part of 50 years. The issue now is whether the Communists, who were dropped from the old coalition in January this year, should be invited back in, or be replaced by the Conservatives.

The Social Democrats are not keen on the latter alternative, but could also find partner-

ship with the Communists difficult to accept because of their unpredictable behaviour.

Mr Ilkka Suominen, chairman of the Conservative party, said yesterday that the coming four-year period would be "one of small steps. There isn't enough cash for big reforms."

Thus, the Conservatives, while they would like to return to government office, could well settle for a continued role in opposition.

Should this be the outcome of inter-party negotiations after Parliament convenes on April 7, the general election will have settled nothing.

Nato group keeps up pressure over missiles

BY DIANA SMITH IN VILAMOURA

SEVERAL NATO countries, scheduled to instal U.S. Pershing and cruise missiles in southern Portugal of Nato's Nuclear Planning Group (NPG). The meeting was attended by defence ministers, or their representatives, and military leaders from 13 Nato States. It is the last major Nato forum before the Geneva talks on limiting medium-range nuclear missiles adjourn on March 28.

Mr Michael Heseltine, the British Defence Secretary, said the meeting produced a "wide-ranging discussion on the 1979 'twin track' decision to deploy Pershing 2 and cruise missiles if the Geneva talks fail.

Countries represented at the NPG meeting reviewed the progress of the decision and confirmed their view that it was the right one, he said. He

believed Nato members would prefer to reach an agreement rather than deploy the new missiles.

"A very real problem still faces the Western world," Mr Heseltine said. "We are dealing with a monolith—the USSR—which no public opinion with which it has to be concerned. But we in the West have to reach our decisions and announce them publicly. This means the Soviet Union has every opportunity to assess our negotiating positions."

Domestic political pressure on the governments of potential missile deployment countries—West Germany, Britain, Italy, the Netherlands and Belgium—has become intense. It was clear at the NPG meeting that

many of these countries are impatient for U.S. proposals that might unblock the Geneva talks.

Mr Weinberger arrives in Madrid today for two days of talks on Nato and bilateral agreements covering the use of Spanish bases by U.S. forces, which it has to be concerned.

Reuter reports from Madrid. Flying on from the NPG meeting, he will meet Sr Felipe Gonzalez, the Prime Minister, Sr Narcis Serra, the Defence Minister, and Sr Carlos, the Foreign Minister, and King Juan Carlos.

He is expected to discuss the freeing by the Government of Spain's integration into Nato's military wing and its review of last year's decision to join the alliance.

Talks on Soviet-Yugoslavia trade

BY ALEKSANDAR LEBL IN BELGRADE

ECONOMIC QUESTIONS dominated the first day of talks in Belgrade between Mrs Milka Ruzic, Yugoslav's Foreign Minister, and Mr Nikolai Tikhonov, her Soviet counterpart. They were conducted in what was described as a very friendly atmosphere.

The Soviet Union is Yugoslavia's biggest trading partner but there has been a feeling in the Yugoslav Government that economic co-operation should be found, such as industrial co-operation.

As far as trade is concerned, the two Premiers are expected to sign a document on

long-term economic co-operation. In the political field, Belgrade's main objective is to stress continuity of relations based on Soviet acceptance of Yugoslavia as an independent, sovereign country, socialist, but of a different brand.

The Soviet side has been interested in Yugoslav ships, textiles, footwear and household appliances. It is aiming to find a market in Yugoslavia for power-generating equipment, building materials and steel industry. It also wants to increase Yugoslav participation in Comecon programmes.

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Netherlands oil find in N. Sea

By Walter Ellis in Amsterdam

THE NETHERLANDS could meet some 20 per cent of its oil needs from its section of the North Sea, according to Mr René Kalper, exploration manager of Holland Sea Search, an Amsterdam-based offshore company, if a series of oil strikes some 80 km west of IJmuiden are confirmed.

Mr Kalper, a Dutch executive, said the main find in question—P8—is, however, considerably more circumspect. Mr Bert Settem, a Mobil executive, said yesterday that further appraisal would be needed.

ready for genuine negotiations on the basis of Security Council Resolutions 242 and 338, in the first place by refraining from enlarging existing settlements or creating new ones. These settlements are contrary to international law and a major and growing obstacle to peace efforts.

The Ten expressed once again their growing concern at the continued conflict between Iraq and Iran, which constitutes an ever more serious threat to the security and stability of the entire region.

They call for a ceasefire, the cessation of all military operations and the withdrawal of forces to internationally recognised frontiers and for a just and honourable settlement negotiated in accordance with the resolutions of the UN Security Council and acceptable to both parties.

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Community call for more effective action on youth unemployment

THE FOLLOWING are extracts from the communiqué issued at the conclusion of the European Council meeting in Brussels: The Economic and Social Situation

The European Council agrees that all member states and the Community must now take effective action to improve the employment situation of young people. It notes the intention of the Commission to submit concrete proposals and invites the Council to submit a report to the European Council in June on progress made both nationally and at Community level.

Concerning the internal market, the European Council notes the progress made. It stresses the need for decisions before June in all the priority areas as defined in Copenhagen. The European Council notes with satisfaction that the Council's work programme includes also the areas of insurance and other services.

It asks the Council to take a position, with the same degree of priority, on the Commission proposals on the strengthening

of the instruments of the common external trade policy. On specific areas where more effective common action is urgently needed:

● The European Council further invites the Council to speed up the examination of a number of proposals for directives concerning the right of establishment and freedom to provide services in order to bring this work to a successful conclusion as soon as possible.

● The European Council requests the Council to expedite the development of a Community transport policy; special attention should be paid to the improvement of frontier formalities in the formulation of decisions on the internal market.

The economic summit in Williamsburg next May.

The European Council asks the Council to prepare Community positions for the Williamsburg economic summit which will permit the Community to make a substantial contribution to efforts to ensure that the recovery of the inter-

national economy, which is now appearing and which is particularly important for developing countries, will be supported through the concerted policies of the member states.

It considers in particular that a genuine dialogue between Europe and the United States on trade in agricultural products can be maintained only on the basis of mutual respect of the agreements concluded following the Tokyo Round.

The European Council considers that the falling oil prices constitute a positive contribution to world economic recovery, provided that this development and its consequences are kept under control.

The European Council is determined that negotiations with Spain and Portugal should now make substantial progress, and asks the Council to make every effort to this end.

The European Council intends to take stock of the situation regarding the enlargement negotiations at its next meeting and to give political orientation

for the completion of the negotiations.

The European Council took note of the discussions that have taken place on the adaptation of rules applicable to certain Mediterranean agricultural products.

The European Council therefore asks the Council of Agriculture Ministers to adopt the necessary decisions as soon as possible, taking account of the following factors:

● In the olive oil sector, a long transitional period must be foreseen.

● In the fruits and vegetables sector, compromises should be sought on the basis of the Commission proposals completed by provisions ensuring that traditional trade flows with the third countries are maintained and guaranteed that the free circulation of goods is respected.

The Community's financial resources and related problems.

The European Council notes the report on work done on the Commission's communication on the Future Financing of the

Community. The European Council further notes the Commission's intention to submit specific proposals as soon as possible. It expects these proposals to take account of the development of the Community's policies, the problems connected with enlargement, budgetary imbalances and the need to strengthen budgetary discipline. It invites the Council (General Affairs) to discuss these proposals and to report its conclusions to the June European Council.

The European Council agrees that this report will contain conclusions also concerning the so-called subsequent solution in accordance with the understanding made by the foreign affairs ministers on May 23 and October 26, 1982 regarding compensation to the United Kingdom. Consequential figures for 1983 will be incorporated in the draft Community budget for 1984.

The Middle East. The Ten are deeply disturbed by the continued lack of progress towards peace between

Israel and her Arab neighbours. They are convinced that all parties must seize the present opportunity to achieve the two most urgent objectives: the withdrawal of all foreign forces from Lebanon and a resumption of negotiations aimed at a comprehensive peace settlement.

The Ten reaffirm their support for the sovereign and independent state of Lebanon and for its Government, which should urgently be enabled to re-establish without restrictions its authority over the whole of its territory. This requires the prompt withdrawal of Israeli, Syrian and PLO forces.

The Ten support the efforts of the United States to achieve this objective. They call on all states to play their part by supporting those who seek a solution to the demands of the Palestinian people by political means rather than by force.

The efforts of the U.S. will continue to be indispensable to create the conditions in which negotiations can begin.

Above all, the time has come for Israel to show that it stands

task now is to move beyond statements of principle and find a means to reconcile and implement the various peace proposals. The conclusions of the recent meeting of the Palestine National Council can and should contribute to the peace process.

The Ten, therefore, welcome the discussions between Jordan and the PLO. The Palestinian people and the PLO should seize the present opportunity by declaring themselves in favour of peace negotiations. This would be a major step forward to which the Ten would expect all concerned to respond constructively.

The Ten look to the Arab states to play their part by supporting those who seek a solution to the demands of the Palestinian people by political means rather than by force.

The efforts of the U.S. will continue to be indispensable to create the conditions in which negotiations can begin.

Above all, the time has come for Israel to show that it stands

OVERSEAS NEWS

Herzog presidential victory stuns Israeli Government

BY DAVID LENNON IN TEL AVIV

ISRAEL'S opposition Labour Party scored a major victory over the Government yesterday when its candidate for President, Mr Chaim Herzog, defeated the coalition choice in a secret ballot in the Knesset.

Mr Herzog, 64, will succeed President Yitzhak Navon in May as titular head of state. Both men have served as Labour Party Knesset members, and President Navon is expected to return to active politics possibly later this year.

The defeat of the coalition candidate, Supreme Court Justice Menahem Elon, by 61 votes to 37 shocked the Government. Mr Menahem Begin, Prime Minister, appeared stunned when the Knesset speaker announced the result.

Some members of the coalition's dominant Herut Party called for early elections in the hope that they may win more seats. This would make them less dependent on the junior coalition partners, whom they suspect defected from the coalition in secret ballot.

But the jubilant Labour members were less certain that their victory actually indicates a swing in the way. Many of them ascribed their triumph to their choice of candidate. Mr Herzog is a well known figure in Israel while Justice Elon was a complete unknown.

Mr Herzog, who is senior partner in a flourishing commercial law

firm in Tel Aviv, has had a distinguished career in the army, business diplomacy and more recently politics. He is also a prolific writer, journalist and broadcaster, with a number of books about Israel's wars to his credit.

He is a Knight Commander of the British Empire (KBE), an honorary knighthood which is rarely bestowed on non-British citizens.

After a successful career in the British army during World War II, which included fighting at Arnhem and participating in the capture of SS Commander Heinrich Himmler, the Cambridge and Sandhurst-educated Lieutenant Colonel Herzog joined the Jewish underground in Palestine. He served as Israel's first Chief of Military Intelligence from 1948 to 1950 and General Herzog later returned to the post for another three years, 1959 to 1962. On leaving the army in 1962, Sir Isaac Wilson appointed him managing director of his GUS Industries in Israel and since then Mr Herzog has been prominent on the boards of banks, and industrial enterprises.

During the 1967 and 1973 Middle East wars, he endeared himself to the Israeli population by his calm military analysis on Israeli radio. His soft Irish brogue (he was born in Belfast) became known to many people outside Israel, when he served as Ambassador to the United Nations from 1975 to 1978.

Sudanese political leaders detained

By Rick Wells in Khartoum

A NEW crackdown on political leaders in southern Sudan appears to be under way with the arrest of two prominent members of the regional government.

The two, Mr Dol Acuil, the regional vice-president, and Mr Matthew Obur, speaker of the regional assembly, are the latest in growing list of southerners reported to have been detained since December.

Reports from Khartoum say they were arrested only days after the closure of the fourth national congress of the Sudanese Socialist Union (SSU), the country's only legally-permitted political party.

Earlier, Mr Acuil had issued a statement at the University of Khartoum, in which he criticised previous detentions, and promised to raise questions about them at the party congress.

The crackdown follows incidents of violence in the south in which a number of northerners have been killed, arousing speculation about a possible revival of the Anya Nya guerrilla movement which fought for southern secession during the civil war which ended in 1972.

Most of the politicians detained, including members of the regional assembly and former ministers, are known opponents of the government's proposals to divide the south into different regions. They advocate continued unity under a single administration in the semi-autonomous region.

Authorities lift Assam curfew

AUTHORITIES in India's north eastern state of Assam yesterday lifted a curfew imposed on strife-torn areas on Monday after 25 people were killed in two days of clashes, Reuters reports from New Delhi.

The curfew was lifted from Tezpur Town and adjoining areas in Assam's central Darrang district following an improvement in the situation. Tension still prevailed in some parts, the Press Trust of India (PTI) said.

Rift opens in Asean over Kampuchea talks

BY OUR FOREIGN STAFF

A POTENTIALLY damaging rift has developed between the five-member Association for South-East Asian Nations (Asean) over Vietnam's offer to discuss the Kampuchea question without the presence of the Heng Samrin regime, which Hanoi installed in Phnom Penh when it invaded the country in 1975.

The first to break ranks publicly was President Ferdinand Marcos of the Philippines, who said yesterday that his country would not attend the proposed conference until Vietnam made a formal pledge to end its

occupation of Kampuchea.

Mr Marcos also rejected the Vietnamese suggestion that U.S. bases in the Philippines be included in the proposed security conference. He said that the subject of the conference was Kampuchea and not the U.S. bases.

"We have already sent a negotiator to talk to the Vietnamese, so we will not be put on the defensive about the U.S. bases because that is not what we are talking about," he said.

The U.S. maintains two major bases in the country under the U.S.-Philippine

bases agreement which will expire in 1991. The treaty is up for review next month. The issue is bound to dominate today's meeting of foreign ministers of Asean, which groups the Philippines,

Changing oil scene, Page 6

Malaysia, Thailand, Singapore and Indonesia. The meeting takes place in Bangkok before talks with EEC foreign ministers tomorrow and Friday.

The Philippines' attitude stands in sharp contrast to

Malaysia which is keen on the proposed talks. Its foreign minister, Tan Sri Ghazali Shafei described them as a "breakthrough" because Hanoi had agreed for the first time to meet Asean on Kampuchea without the participation of the Heng Samrin Government, which Asean does not recognise.

The Vietnamese concession was made by Mr Nguyen Co Thach, Hanoi's Foreign Minister, to Tan Sri Ghazali at the recent, non-aligned conference in New Delhi.

Malaysia, along with Indonesia, sees the proposed structure of the talks as

important, in that it confirms that Heng Samrin's position is untenable without Hanoi's backing.

Thailand remains opposed to talks with Vietnam until Hanoi agrees to pull out its troops from Kampuchea. Singapore, although ostensibly the most solidly anti-Communist of the Asean states, appears to favour them.

The row within Asean, which has so far maintained a fairly solid front on the issue, is a clear propaganda victory for Hanoi, which is making an apparently determined attempt to appear flexible.

Zambian economy tops Kaunda's London agenda

THE economic problems of Zambia and the conflicts of southern Africa will dominate talks between President Kenneth Kaunda and Mrs Margaret Thatcher, the Prime Minister, at Downing Street today, writes Quentin Peel, Africa Editor.

The Zambian head of state (pictured right), who was greeted by the Queen and Duke of Edinburgh at Victoria Station on the start of his four-day state visit yesterday, will also be meeting businessmen and bankers at the end of the week, once the formalities have finished.

Despite the largely ceremonial nature of the visit, Mrs Thatcher is expected to question President Kaunda on his plans to reduce Zambia's huge arrears in trade payments, and delays in remittances of profits and dividends. The total is estimated at almost £400m, or more than 70 per cent of 1982 export earnings, and much is owing to British banks and businesses.

The President will host a meeting of businessmen on Friday at which he is expected to outline his economic programme, drawn up in conjunction with the International Monetary Fund (IMF), which has all but formally approved a SDR 211.5m (£152m) stand-by credit facility to back it.

A new assessment of Zambia's economic position and outstanding external debts, with input from Samuel Montagu, the London merchant bank retained as official financial advisers, is also due to be published this week.

The British Government will be making one gesture towards Zambia with an increase in the British aid programme expected to be approved, on top of the £15m already approved for 1982-83.



Peking, Moscow to resume exchange visits

By Mark Baker in Peking

CHINA has failed to win any more substantial concessions from the Soviet Union in the latest round of talks aimed at improving bilateral relations.

But the two countries have agreed to resume a small exchange of students, after a gap of 17 years, and there will be further exchanges of minor technical delegations.

The chief Chinese negotiator, Mr Qian Qichen, said on his return from Moscow yesterday: "There have been no new developments."

China has nominated the Soviet support of Vietnamese troops in Kampuchea, the invasion of Afghanistan and the deployment of more than 1m troops on China's borders with Mongolia and the Soviet Union as the principal obstacles to normalisation of relations.

The three weeks of talks which ended in Moscow last Thursday appear to have made no impact on these differences.

Mr Qian, a Vice-Minister for Foreign Affairs, said the talks had been friendly and beneficial, but he added that "differences continue to exist."

He said it had been agreed that a further round of consultations would be held in Peking.

Mr Qian would not compare the results of the latest talks with those held in Peking last October, the first since China broke off discussions in protest at the Soviet invasion of Afghanistan.

Other Overseas News—Page 10

Treason charges dropped at Zimbabwe trial

BY MICHAEL HOLMAN IN LUSAKA

CHARGES against six of the seven men accused of treason trial on the state's second charge, illegal possession of arms.

Mr Dabengwa also faces this charge, which arises from the discovery of arms, cash and property owned by Mr Nkomo's Zapu party early last year.

An intercepted letter allegedly written by Mr Dabengwa to the head of Soviet intelligence has been a crucial factor in the state's case, and provided the basis of Judge

Hilary Squires' decision. Despite the rejection of treason charges against Mr Masuku and others, yesterday's development does little to defuse the political implications of the case.

Illegal possession of arms carries severe penalties — in some cases the state can demand the death sentence.

Mr Dabengwa remains the key figure in the case. He has been regarded as one of the few military figures who might be

capable of commanding support from former members of both Zipra and Zanla, the now-disbanded army of the ruling Zanu party.

Among the ranks of former Zipra guerrillas, he is regarded as an outstanding figure from the war years.

Most Zapu politicians now privately admit that they have all but lost the allegiance of the younger members of the party and the former combatants.

ENERGY BLUEPRINT

PLANNED EFFICIENCY AND ECONOMY IN THE USE OF ELECTRICITY.

17

Controls for comfort and economy

Heating, ventilating and air conditioning for more than 2½ acres of a new shopping complex have been provided by electric heat pumps in one of Europe's largest installations of this kind. As superstores, like the new SavaCentre near Reading, begin to change the style and scale of retailing, environmental systems must keep pace. The SavaCentre installation has certainly done that, adding a new dimension to the heat pumps' acknowledged ability to provide continuous controlled comfort.

Newly developed controls in this installation allow the system to detect when the potential for extra heat from outside air is greater than that from inside the building, which can be the case in spring and autumn. The

new controls automatically select this outside air heating mode, giving an important gain in energy saving. When it is more economic to recover heat from inside the building this is reclaimed from lights, refrigerators, freezers and people.

The system operates in a similar way when cooling is required. If using cool, dry outside air is more economic, the system will use this in preference to its refrigeration plant.

In short, the system has made a significant advance both in control sophistication and in operating economy. Because it is sensitive to a greater range of indoor and outdoor conditions over the whole year, it can pass on the benefits both in comfort and cost efficiency.

The 27 heat pumps save space, too, because they are roof mounted. All internal space is devoted to essential functions — sales, public and staff catering, food preparation and kitchen areas, and administration.

A very high standard of structural insulation prevents excessive heat loss or gain — at an ambient temperature of -1°C the heat pumps are able to maintain the interior at 20°C, and at 23°C when outside temperature is 27°C. A built-in safety feature of the system is the smoke detection device incorporated in each heat pump.

There is also central monitoring to warn of operational faults in any of the 27 units, or elsewhere in the system.

For more information tick box no. 1

What heat pumps can do for you

In a growing number of buildings, cooling, heating and ventilating are no longer things for the staff to worry about. Their environment is being automatically controlled for them right through the year by a single simple unit — an energy-saving electric heat pump.

Not only can heat pumps economically create the comfortable working conditions required, they take very little useful space, can control humidity as well as temperature and produce, on average, 2½ times more usable energy than they consume.

The heat pump concept is remarkably simple. It is a device for upgrading and transferring heat from one location to another. In winter, it makes use of "free" heat available in the outside air, or re-uses waste heat from the building. This heat is upgraded by a compressor in the heat pump and transferred to where it is needed. In summer, the same equipment operates in reverse to remove unwanted heat from the building.

A great variety of premises — shops, offices, banks, restaurants and theatres — already enjoy the benefits of an environment controlled by a heat pump. Those who operate them know they are giving employees and customers the best possible conditions for good business. And they themselves enjoy the considerable energy-saving benefits the system offers, thanks to its unique ability to use otherwise wasted heat, its reasonable capital and installation cost, and its automatic control. Only on extremely cold days is back-up heating required, because "free" heat is available outside even on surprisingly chilly days.

A wide range of equipment is available and the components of heat pump systems can be sited in a number of ways to suit the needs of a particular premise. Multiple installations serving huge hypermarkets like the new SavaCentre complex near Reading, are possible. So are single compact units for small premises. Air-to-air systems provide cooling, heating and ventilation; an air-to-water unit can be specified if a hot water system is required. Recovery of waste heat from internal sources such as lighting, office equipment, freezer cabinets, even from staff, is possible



A sophisticated system of 27 heat pumps controls the shopping environment at the giant SavaCentre. A single unit could do the same for the smallest shop.

with heat pump systems.

With such a wide range of possibilities care should be taken in the selection of suitable equipment and in ensuring its correct operation and maintenance. This includes choosing the appropriate controls which range from simple on-off operation to auto-

matic programs with set hours and day omission facilities.

To find out more on the use of heat pumps in commercial buildings, contact the Heat Pump and Air Conditioning Bureau on Freephone 2262 or clip the coupon.

For more information tick box no. 1

Please send me copies of leaflets/information on the following topics. Please tick as appropriate (UK only).

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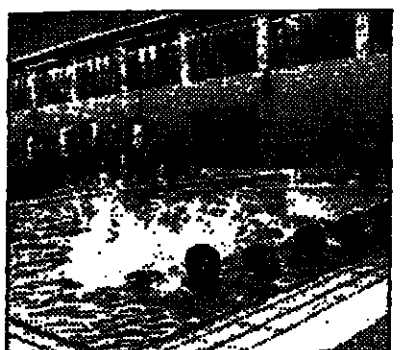
The Electricity Council, England and Wales

Growing success for pool heat pumps

Heat pumps systems which can cut swimming pool energy use by 65 per cent a year pay for themselves within five years and ensure protection of pool structures against condensation, add up to a convincing success story — convincing enough to have won over about 170 of the UK's major swimming pool operators.

Well over 100 pools using this heat recovery system are already in operation. The rest are under construction or in advanced planning stages, but their operators are already convinced that they too will share in the success. Before committing themselves, they were able to consult specialist environmental engineers at their local Electricity Board.

Each Board has a unique calculator program specially written to predict potential energy savings in pools using the electric heat pump heat recovery system. They also have engineers with considerable experience in such installations, based on years of research and practice at home and abroad. The program is used on the Texas Instruments TI-59 calculator, as used for the



Aston Leisure Centre pool at Caernarfon — one of over 100 pools with a heat pump system.

RIBA Energy programs. First, precise data will be collected on the pool and the program then used to check the energy consumption of a conventional heating plant. In such a system, fresh air is first heated, then blown through the pool area to remove moisture. Effective, but wasteful, since the moist warm air is simply vented outside. Stage 2 of the program predicts

the energy needed by a properly sized and installed heat pump heat recovery system and compares it with that needed by the conventional system.

Energy savings of up to 65 per cent are possible because the heat pump system dehumidifies the pool air, recirculates it (if the water treatment is good) and re-uses the recovered warmth to heat the pool water, supply air and even water for the showers. Panel heating to keep floors and walls dry and hygienic, can also be incorporated into the system. In addition, the heat pump can make use of its ability to claim heat from outside air for re-use within the pool area. Precise control systems are essential and readily available for automatic programming of all installations.

Many pool operators have already been using a heat pump system for two or three years, and have been convinced of its worth by practical experience. But with the calculator program now readily available, potential users have the chance to convince themselves, too — before having to commit a single penny to investment.

For more information tick box no. 2

AMERICAN NEWS

Argentine anti-inflation package under attack

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA's military Government, headed by Reynaldo Bignone, was yesterday struggling to keep its anti-inflation offensive afloat amid strong opposition to its policies from both sides of industry.

The main employers' federation, the Union Argentina Industrial, issued the latest in a series of strongly worded statements criticising the Government's decision to impose price controls on more than 1,000 leading companies. The federation said the measures were "arbitrary and irrational" and would only contribute to deepening the country's recession with a resulting increase in unemployment.

Meanwhile, moderate and hard-line leaders of the main trade union organisation, the General Confederation of Labour (CGT) were yesterday threatening a general strike following deadlock in the latest round of wage negotiations with the Government.

The strike could take place on March 30, the anniversary of last year's violent protest against the Government by the CGT.

Both factions of the union are holding out for an 100 per cent increase in the current minimum wage of 5m pesos (\$70) and retro-



Gen Reynaldo Bignone

active to March 1, compared to a new level of 7m pesos offered by the Government. Hardliners also want the take-home pay of private and state workers to be increased by up to 30 per cent over the index linked level set by the Government.

Mr Jorge Wehbe, the Economy Minister, wants further salary in-

creases to be not more than 15 per cent. Mr Wehbe is also resisting calls from the unions to extend price controls to the "shopping basket" of essential goods.

Last week's anti-inflation package offered companies subject to the price controls a reduction of two percentage points in the current monthly rate of 11 per cent interest paid on loans in the controlled sector of the financial system.

Companies will also have access to special 180-day Government loans at 6 per cent monthly interest to cover up to 20 per cent of the wages bill.

The package, drawn up by Economy Ministry and central bank officials under pressure from the ruling military junta, has been widely dismissed as inadequate for excluding any prior agreement on salaries and tariffs.

Mr Alberto Fraguio, the Under-Secretary for Commerce, and Mr Alberto Ayerza, the deputy governor of the central bank, resigned in protest at the measures.

Inflation, measured in consumer prices, is running at an annual rate of 221 per cent, well above the Government's target of 160 per cent.

Guyana to seek new IMF loan next month

By Andrew Whitely in Georgetown, Guyana

EIGHTEEN MONTHS after the breakdown of its last agreement with the International Monetary Fund, Guyana, one of the most indebted countries in the hemisphere, will next month open negotiations for a new IMF loan.

Conclusion of the negotiations will pave the way for the formal rescheduling of Guyana's estimated \$1.1bn (\$735m) debt to bilateral donors and the multilateral lending agency.

As part of its loan agreement, the IMF is expected to press for a major devaluation, possibly as much as 40 per cent, as part of a package of other fiscal and non-fiscal measures. But senior Guyanese Ministers said they would resist any devaluation as "unnecessary" and "unhelpful" to the country's debt balance.

But with Guyana hopelessly in arrears on all its outstanding debt payments to commercial and non-commercial creditors, there are grave doubts in Georgetown over whether the amount of Guyanese government stock will prove sufficient to restore normal economic relations. The IMF itself is believed to be wondering whether it can make any structural reform agreement stick with the Guyanese authorities.

Guyana's gross external debt of about \$1.35bn is modest by the standard of some other Latin American countries. But as a percentage of a year's National Product, the former British colony's liabilities far outstrip those of Bolivia or Costa Rica, its nearest rivals.

President Rios Montt looks to a new future after his first year in power

BY WILLIAM CHISLETT IN MEXICO CITY

Peace prospects poor in Guatemala

GUATEMALA, THE largest country in turbulent Central America, enters a new and decisive phase in its bloody history today when General Efraim Rios Montt, the President, lays out plans for a return to constitutional government after almost 30 years of military dictatorship.

The fundamentalist President, who seized power in a coup one year ago after fraudulent elections, is expected to lift the state of siege, announce an amnesty and set a date for constituent assembly elections. Trade unions and political parties, possibly including the long outlawed Communist Party, will be allowed to register themselves.

The Reagan Administration, which is undergoing intense criticism in the U.S. Congress for stepping up arms supplies to El Salvador to beat back advances by Left-wing guerrillas, is keenly watching events.

Earlier this month Guatemala was excluded from the Administration's \$295m package of additional military and economic aid to Central America for three years because of the U.S. Agency for International Development (Aid) was murdered by troops. The U.S. ambassador to Guatemala, Mr Frederick Chapin, was also recalled to Washington for five days to reassess policy.

Guatemala's current military aid programme of \$6.3m, the first since 1977 when military aid was cut off by the Carter administration because of the country's grisly record on human rights, is also under review.

Gen Rios Montt came to power promising to stop the



President Rios Montt (right) ... amnesty expected



in its backyard. The notorious death squads have disappeared from Guatemala City, the capital, but apart from 15 people, some of them soldiers, under arrest for rape and robbery, members of the squads are still roaming free. They are suspected to have infiltrated the civil defence forces in the countryside, where atrocities are still reported.

The moderate opposition parties, like the Christian Democrats, many of whose members have been murdered, believe that Gen Rios Montt's apparent liberalisation is doomed to failure unless these squads are no longer allowed to act with impunity. "Who is going to register himself as a member of the Communist Party and get his head cut off?" asked a prominent Christian Democrat.

Washington is thus likely to try to attach strings to its aid to Guatemala. But the regime is still fiercely xenophobic about "outside interference" and may spurn conditional aid, although it needs more military supplies to defeat the guerrillas. Israel is currently one of the country's major arms suppliers.

The gross domestic product shrank by 3.5 per cent in 1982 after three decades of positive growth. Low international prices for Guatemala's commodity exports and factors like a dramatic drop in tourism revenues from 1979 to 1982 have led to a sharp decline in the economy into recession.

Readily available hard currency reserves, between \$25m and \$30m, which represents less than two weeks' imports. The prospects for peaceful change are not good.

Sandinistas warn of 'serious danger of war' with Honduras

MANAGUA - Nicaragua's left-wing Sandinista Government has warned of a "serious danger of war" with neighbouring Honduras because of fighting between army troops and Honduran-based rebels.

"Our troops, planes, tanks, artillery and our entire armament are ready to take action," Mr Humberto Ortega, the Defence Minister, said here.

Mr Ortega blamed "yankee imperialism" and the U.S.-backed Honduran military for supporting rebel groups which he said had penetrated Nicaragua's Matagalpa province, about 145 km north of Managua, and Jinotega, 175 km north of Managua.

A state of military emergency has been in effect since March 1982 in Jinotega and four other provinces

along the Honduran border because of frequent clashes between rebels and Government troops.

But this is the first time officials have acknowledged fighting as far south as Matagalpa, in central Nicaragua, about 100 km from the Honduran border.

Mr Ortega also denied rebel claims that they controlled the towns of San Ramon, Muy Muy, Los Llanos and San Dionisio in the Matagalpa region.

The Defence Minister said 57 members of the Sandinista armed forces and 205 "counter-revolutionaries" had been killed since the beginning of February in the sporadic fighting.

He said that about 1,200 former members of the National Guard,

which sustained the Somoza dictatorship until it was overthrown by the Sandinistas in 1979, had penetrated Nicaraguan territory, a small group of them to within 100 km of Managua.

Weapons and photographs of the guardsmen were produced at a press conference on Monday night.

Tensions between the Sandinistas and Honduran conservative Government have increased since insurgents mounted their first prolonged attack into Nicaragua from Honduran territory in June 1982.

Nicaraguan officials say the rebels are being secretly trained and supplied by the U.S. Central Intelligence Agency and Honduras in an effort to destabilise and topple the Sandinista regime. Agencies.

Salvador aid hits snag

BY REGINALD DALE IN WASHINGTON

PRESIDENT Ronald Reagan's request for an immediate \$110m in military aid for the beleaguered U.S.-backed Government of El Salvador ran into difficulties on Capitol Hill yesterday.

A bipartisan group of three influential Senators proposed limiting the aid to \$50m a year and selling abroad the largest unconditional negotiations with the left-wing insurgents.

That would mean only an extra \$23.7m in new aid in the

current budget year, which ends on September 30, as \$26.3m has already been appropriated. The Administration is also asking for \$67m in economic aid.

The three senators, Nancy Kassebaum (Republican, Kansas), Christopher Dodd (Democrat, Connecticut) and Daniel Inouye (Democrat, Hawaii), also called for official endorsement of the Administration's self-imposed ceiling of 55 on the number of U.S. military advisers in El Salvador.

Belize deadlock likely to hold

BY STEPHANIE GRAY

The proposed return to civilian administration in Guatemala would be unlikely to bring any fresh movement in the deadlocked negotiations over its claim to Belize, the British Government believes.

The last round of talks in New York broke up in bitterness in January when Britain rejected an offer whereby Guatemala would drop its claim provided Belize agreed to cede the Toledo region —

the southern fifth of its territory.

The Toledo region would guarantee Guatemala the access it has long sought to the Atlantic Ocean. At present, shipping in and out of the only Guatemalan Atlantic port, Puerto Barrios, has to pass through either Belizean or Honduran territorial waters.

No new date has been set for further negotiations and

Guatemala is still laying claim in a very public way to either all or part of the territory.

The British have the prospect of having to maintain its garrison in Belize, which stands at 1,800 men for considerably longer than it envisaged when it granted independence to the former British Honduras in September 1981.

WORLD TRADE NEWS

Sproat attacks protectionism in world shipping

BY ANDREW FISHER, SHIPPING CORRESPONDENT

MR IAIN SPROAT, Under-Secretary for Trade, hit out strongly yesterday at protectionist tendencies in world shipping which threatened to jeopardise free competition in the industry.

Speaking ahead of inter-governmental talks in London this week on the future of liner (scheduled cargo route) shipping, he said: "We should all be aware of the importance of these talks and what is at stake."

The talks, which began last yesterday, are between the Consultative Shipping Group (CSG) — comprising Europe and Japan — and the U.S. Leading European shipping nations are concerned about policies in the U.S. which has refused to ratify the United Nations code of conduct in liner conferences. The U.S. had a large influence over liner shipping's future, added Mr Sproat. "The shipping policies of the U.S.," he said, "are a combination of elements ranging from ruthless anti-protectionism to naked protectionism."

On the UK attitude to shipping, Mr Sproat said he believed "we have an opportunity this

year, in concert with our trading partners, to guarantee the survival of competitive conditions in world liner shipping."

Addressing a Seatrade conference in London, he asked whether international shipping would continue to be run on essentially business principles or be increasingly based on national quotas set by government.

He added the current CSG talks with the U.S. "could prove to be crucial, a real turning point in deciding the future shape of liner shipping worldwide."

The liner code, drawn up by the UN Conference on Trade and Development (Unctad), is due to come into force later this or early next year. It seeks to allow cargoes giving developing countries a larger share of liner trade, mostly containerised.

The U.S. sees the code as restrictive on trade. Japan is to ratify in full. EEC countries have agreed a compromise which leaves trade free at the developed countries' end. The code deals only with cargoes in conferences, groups of lines which set rates and schedules.

Japanese companies win Malaysian gas plant deal

BY WONG SULONG IN KUALA LUMPUR

TWO JAPANESE companies — Toyo Engineering and Mitsui — have won a contract to build a gas processing plant and a liquid petroleum gas (LPG) unit for the Malaysian oil company, Petronas.

The agreement was signed in Kuala Lumpur last Friday, and yesterday a Toyo Engineering spokesman in Tokyo disclosed that the contract price was about US\$85m.

The gas processing plant, to be built at Kerih in Trengganu state, will have a capacity of 7,000 cubic metres a day. The LPG unit will have a capacity of 900,000 cubic metres. The

contract also includes the construction of a LPG export terminal at Kemaman, 20 miles south of Kerih. The projects are expected to be ready by April 1985.

The two Japanese contractors have appointed Randall Corporation of the U.S. and Sime Crest, a division of the Malaysian Sime Darby Group, as principal contractors.

Petronas said the gas from its own Dugong field off Trengganu coast would be processed at the Kerih plant. It would be used to feed a 700,000 tonne sponge iron plant and an electric power station being built nearby by the Malaysian government.

UK faces long haul to win Soviet orders

By Tom Seely, recently in Moscow

BRITAIN'S gamble in mounting a Japanese-style business mission to Moscow last week appears to have paid off — at least in good will. Whether this can be translated into contracts depends on whether British business can maintain the tempo.

"It is very nice to see so many British here," commented one Soviet official. "But we are looking for a long-term commitment, and I wonder how many of these faces I shall see again."

With more than 200 British businessmen on the mission, it was the biggest in UK-Soviet trade. The British Soviet Chamber of Commerce also took the opportunity to combine the trip with its first ever annual general meeting here in Soviet soil.

The Soviet side presented such luminaries as Deputy Prime Minister Kostandov, Mr Yuriy Brezhnev, First Deputy Trade Minister, and Mr E. P. Petrovskiy, new Soviet Chamber of Commerce and Industry President. Brisk and direct negotiations were held away from the glare of the formal speeches.

In talks on Britain's food exports, the Soviets stressed that funds had been set aside for such purchasing requirements. They also listed specific products and technologies they wanted.

One company, producing additives for the cement industry, won an order, even though it had not visited Russia before.

The Soviets were particularly interested in British development of offshore oil and gas deposits, coal extraction, processing and transport and energy saving technology. Virtually all of the British representatives reported the Soviets to be "serious" and "workmanlike." But with few contracts actually signed and competition intense, none are prepared to discuss the projects raised.

While describing the British mission as a good thing, Mr Yuriy Brezhnev also added that "success in our negotiations depends on the competitiveness of British companies on price and quality."

BAE ONE-ELEVEN JET AIRLINER

Romania's aviation hope to fly to London

BY DAVID BUCHAN IN BUCHAREST

TARGETED on London's Heathrow airport this morning is the first BAE One-Eleven jet built in Romania making its first test flight.

Riding on what is known as the Romabac One-Eleven is Romania's hope of establishing itself as Eastern Europe's leading force in civil aviation. The aircraft is being built by a joint venture — British Aerospace and Rolls-Royce — not being distracted by their own wider commercial interests from what Bucharest officials regard as the largest international transfer of advanced civil aircraft technology to date.

On a 1978 visit to the UK, President Nicolae Ceausescu signed the deal to build One-Eleven jets under licence. The first was last summer, the second is being tested now, and the third and fourth should be off the production line this year.

By 1988-89 the Romanians should be making 100 per cent of the BAE aircraft and much of the Rolls-Royce engines. Tarom, the Romanian airline, is ready to take the first batch. But hard currency being scarce, the Romanians would prefer to start selling abroad. They have appointed one agent, the UK-based DK Aviation, to market the aircraft in Western Europe

mainly Bae's exclusive territory), (except for the UK, which re- and East Africa. This week they were negotiating terms with another UK marketing agent.

The price talked about in Romania is around \$13m each, without spares and extra support equipment. A major snag is that new international noise rules will prevent use of the unmodified Spey engines in the U.S., Western and for that matter Eastern Europe by 1988. Thus, for the time being, the Romanians can try for Romabac sales in the third world.

Rolls-Royce now has its Tay engine — a quieter and more powerful unit than the Spey. The point over which the Romanians and Rolls-Royce are negotiating over the coming months is whether and how soon Rolls-Royce will let Romania have the Tay (for which Rolls-Royce has a big U.S. customer, Gulfstream) instead of the Spey.

Mr Mircea Costescu, a senior aviation official, says he hopes this will be settled amicably, but the Romanians have also talked with Pratt and Whitney about a new engine.

Bae had to arrange a considerable offset and counter-trade to complete the deal — sale of Romanian Dacia cars in

the UK has been partly subsidised out of a Romabac export promotion account.

Bae also has its own new series, the 146 short-haul aircraft. Bae and the Romanians say the 146 and One-Eleven will not compete, but there is no agreement that they should not.

The Romanians say they would like to keep their British aviation link. Romania has built several hundred Illyander aircraft for "kidding out" by British Norman on the island of Wight.

The other tractor manufacturing projects — all of them approved by the Government but are not yet in production — involve the Habib family group of Karachi (taking 25 per cent of a partnership with the state-owned Peco to produce Fiat models) DMT of Yugoslavia (with Associated Industries of Lahore), and Belarus (with Faco of Karachi which is building a new factory outside Lahore).

The link between Massey Ferguson and Millat Tractors of Lahore, part of Peco, is already in production having switched from fully imported components to 30 to 40 per cent local manufacturing.

The most advanced commercial vehicle plan is between Peco and Rino of Japan for 10-ton trucks, buses and jeeps. Peco hopes to receive government approval soon.

Estimated to cost \$25m to \$45m, it would include a 40 per cent stake by Peco and by Al-Futaim of the UAE which handles Rino products in the Persian Gulf. Rino would have only 5 per cent.

The capital cost would rise as the project moved from an existing assembly plant in Karachi to a new manufacturing factory outside the city.

Ford is also holding talks with Haroon who may lead to an outline agreement when a U.S. investment mission visits Pakistan next month.

John Elliott reports on overseas and domestic interest in new ventures

Pakistan to expand vehicle industry

BY MOHAMED AFTAB IN ISLAMABAD

THE SOVIET Union is likely to construct and finance eight important projects in steel and energy sectors in Pakistan. Formal agreements are expected to be concluded in the next few months.

Mr B. V. Sakin, the visiting Soviet Minister for Maintenance and Special Construction Works, confirmed on Monday that "we have accepted, in principle, all the proposals for which Pakistan is seeking financial and technical assistance from the Soviet Union for completion of the remaining units of the steel mills."

A feasibility study will be undertaken by Soviet experts and the final decision will be arrived at, in Moscow, soon.

Total cost of the eight projects for which Pakistan is

seeing Soviet aid was not disclosed either by the Russians or the Pakistanis.

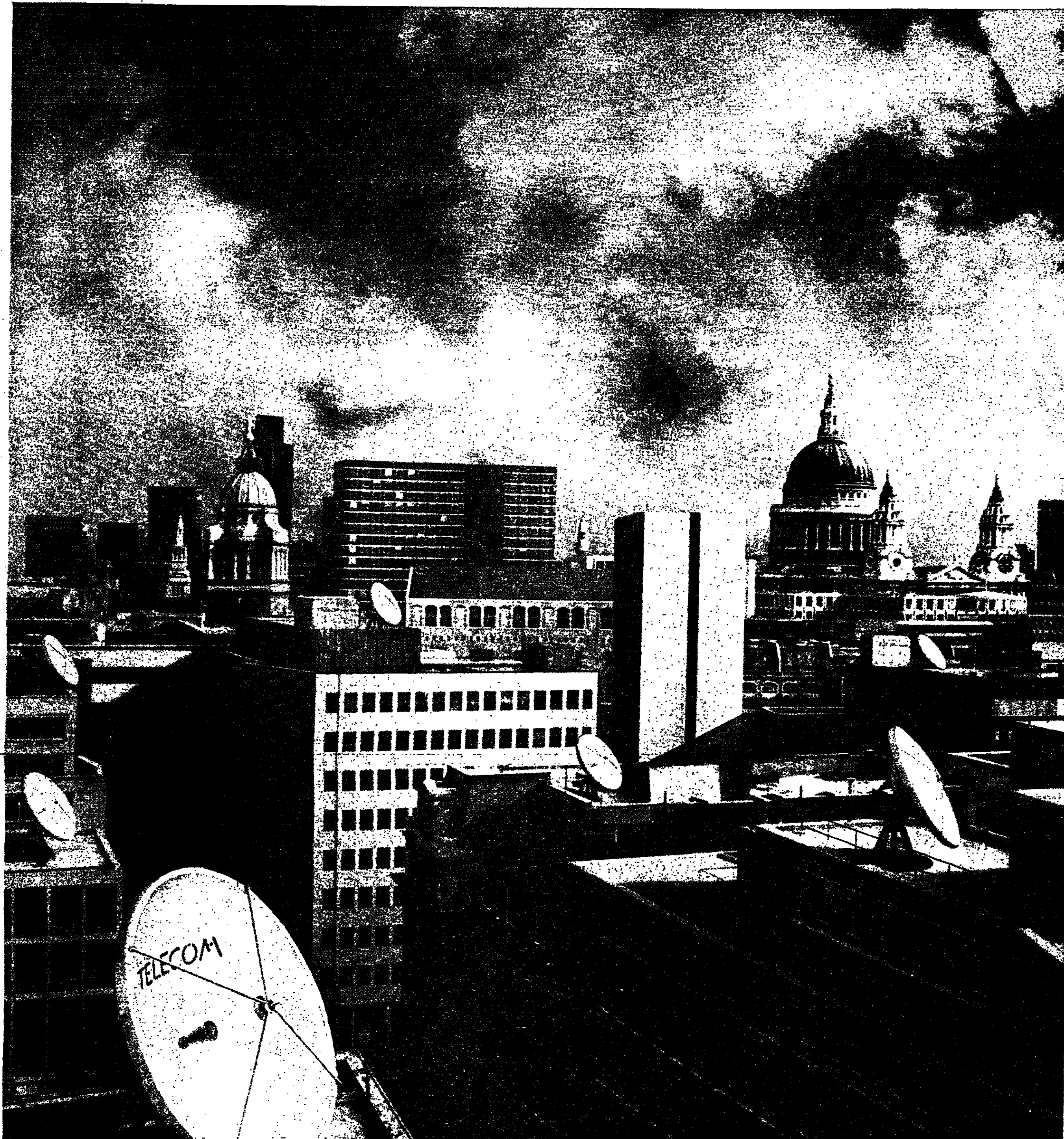
The timing of the Russian move is significant because it coincides with tentative suggestions by Moscow that it might be willing to settle through political talks the crisis which arose following the invasion of neighbouring Afghanistan.

Pakistan is currently receiving \$3.25bn in economic aid and military aid from the U.S. The latest Soviet move would appear to be part of an attempt to strengthen its links with Pakistan, the country most threatened by the presence of 100,000 Russian troops in Afghanistan.

Chunil Shah Khan, Pakistan Minister for Finance said the proposals include: three

projects which are to be integrated with the Soviet built and financed steel mill at Karachi. These are a hot strip mill, a cold-rolled mill and upgrading facilities for manufacturing the spare parts and electrical equipment required for the Soviet-built Karachi steel mill. The steel mill, which has an annual capacity to produce 1.1m tonnes of steel, is scheduled to go into full production in 1984.

The other projects which the Soviets are likely to take up are: a new metallurgical institute at the steel mill, a 600 megawatt thermal power station at Multan in central Pakistan and supply of drilling equipment for the state-owned Oil and Gas Development Corporation.



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ENERGY REVIEW

Problems behind Soviet 'Save It' campaign

By Ray Dafter, Energy Editor, recently in Moscow

URGENCY HAS been injected into the Soviet Union's quest for improved energy conservation. The reason, paradoxically, lies in falling oil prices. Other parts of the world, rejoicing in cheaper energy, may be tempted to relax their conservation efforts. In the U.S., for instance, there are already signs that motorists are returning to bigger cars.

But for the Soviet Union falling prices are a nightmare. Energy exports — basically oil and natural gas — provide 60 per cent of its hard currency earnings. In order to maintain its external income the Soviet Union must increase the volume of its exports. This, in turn, means that along with its Comcon partners it must be more frugal in its own domestic consumption of energy, especially oil.

The fall in the price of the Soviet Urals crude provides a barometer of the problem. Early in 1981 the delivered price into Northern Europe was \$38.90 a barrel. In the past few days the going rate has been nearer \$27. The Soviet net export of oil has risen accordingly, from about 1.1m barrels a day in 1981 to about 1.5m b/d at present.

The Soviet Union has little prospect of boosting its oil production which, at 13.5m b/d is already by far the highest in the world. So the Government has three alternatives: to reduce even further its exports to other communist countries; to switch more of its energy use from oil to gas and nuclear power; or to push even harder for energy savings. Fuel substitution and conservation are the routes being followed most aggressively.

Soviet plans for the current 1980-85 period call for energy savings equivalent to about 110m-120m tonnes of oil, approaching 10 per cent of total primary energy consumption in recent years. Recent official statements suggest the Soviet Union is hoping to achieve savings of over 180m tonnes of oil equivalent.

The five-year plan states that half of the savings could be achieved by improving efficiency in the transportation and production of fuel and electricity. For example, engineers are developing a large diameter pipeline designed to transport natural gas at 100 times atmospheric pressure, some 35 per cent higher than present standards. Mr Nikolai Belyi, head of the Ministry of Gas Industry's foreign relations department, says that the high pressure pipeline should reduce the energy loss in transporting gas from Siberia to western Russia by about 4.5 per cent.

Energy officials also point out that the most efficient electricity generating stations can now produce one kilowatt hour of electricity from 220 grammes of coal equivalent, compared with a commonplace efficiency of between 300 and 350 grammes per kWh a decade ago. On the other hand, there is evidence to suggest that power station operators are becoming increasingly frustrated with the low quality of coal they are expected to burn. This must be impairing the efficiency drive.

Nevertheless, the message is unmistakable. "The State Planning Committee is counting kopeks," writes Leonid Kornev, economics commentator for the Novosti press agency. This year, he says, the Soviet Union is to further tighten "the

austerity regime in its economy," largely through the saving of energy and other raw materials.

Soviet newspapers are full of stories about savings that have — or could — be achieved. Factories are festooned with slogans, exhorting workers to be careful in their use of energy.

But observers in the West, while recognising the scope for savings, are sceptical about the Soviet Union's ability to achieve its aims. "The country is faced with an enormous systemic problem," says Jonathan Stern, a consultant specialising in Soviet energy for the Royal Institute for International Affairs. "We in the West have found that exhortation doesn't work, that it is the price mechanism which matters."

The Soviet Union has limited scope to encourage conservation through higher fuel prices. Some steps have been taken. Last year the authorities began introducing increases in wholesale energy prices aimed at reflecting full exploration and production costs. It marked the first major change since 1967.

Illegal petrol sales are a flourishing market

Manufacturers were told they would not be allowed to pass on the higher fuel costs to consumers. It is still not clear how effective this programme has been.

Petrol prices have also doubled in the past two to three years to a point where a litre can now cost about 40 kopeks (36 pence), about the same as in the UK. But not all petrol is obtained at filling stations, as a report on Soviet energy policy to the joint economic committee of the U.S. Congress pointed out in the summer of 1981. It reported that there was a flourishing illegal market in petrol sales, a view which seemed to be confirmed by the Sovetskaya Rossiya newspaper in 1979. An article claimed that only 57 per cent of the petrol consumed by private cars in Rostov Oblast was sold through filling stations.

But the major hindrance to the Soviet Union's conservation effort, according to many Western energy authorities, is the central planning system.

USSR ENERGY BALANCE

	1980	1985	1990	2000
Million tonnes of oil equivalent				
Energy Production	603	560-620	540-620	520-615
Oil	365	329	340	310-345
Natural Gas	337	335	350	450
Coal	125	135	170-200	260-320
Nuclear and Other	125	135	170-200	260-320
Total	1,430	1,550-1,610	1,700-1,810	2,070-2,290
Energy Consumption				
Oil	450	485	500-525	510-580
Natural Gas	322	440	530	660-700
Coal	331	332	343	473
Nuclear and Other	124	123	167-197	257-327
Total	1,227	1,380	1,546-1,585	1,900-2,090
Net Energy Surplus	203	160-220	160-215	170-210
Growth Trends	1973-1980	1980-1985	1985-1990	1990-2000
Energy Consumption	3.9	2.4	2.6-2.8	2.2-2.8

Source: International Energy Agency.

Often targets have little to do with scientific principles, instead they are usually fixed through the familiar bargaining processes between enterprises and overseeing agencies. Even then, the targets are often set aside for more urgent considerations. "If a manager has a choice between meeting his production target or fulfilling his conservation obligations, nine times out of 10 he will go for production," says Mr Stern.

Soviet industry, which consumes more energy than all the other sectors combined, is regarded as "highly wasteful" by the International Energy Agency's World Energy Outlook report published last year. And yet, as Mr Stern points out, with relatively little replacement investment directed at industry to make the manufacturing processes more efficient, workers can do very little themselves to reduce fuel demand. When I asked a manager of an energy-hungry iron ore complex in the Kursk region of Russia what steps employees could take to save energy he replied: "They can make sure they turn off the lights."

Options are not much wider in many of the Soviet homes. Soviet Press reports show there are millions of gas-burning furnaces, fireplaces and stoves without any metering devices whatsoever. There is also said to be a shortage of controls on domestic heating systems.

Nevertheless, the Soviet Union is taking conservation

seriously (more than some industrialised countries in the West) and it has notched up some achievements. During the 1976-80 period energy consumption grew at an annual rate of about 3.4 per cent as against 5.1 per cent in the 1971-75 period. The International Energy Agency expects growth rates to be in the order of 2 to 2.5 per cent over the current decade.

What is evident, however, is that even greater savings could be achieved. This point is made on the back of the assiduous research by the United Nations Economic Commission for Europe in a remarkably comprehensive report on energy prospects in Europe and North America.

Analysing Government estimates, the Economic Commission found that, for all its good conservation intentions, the Soviet Union was planning to increase per capita energy consumption some 26 per cent faster than Europe and North America combined. But, even more telling, the Commission concluded that by using "current available best technology" the Soviet Union could cut its expected level of energy consumption in the year 2000 by a full 34 per cent.

Such a reduction must remain in the realm of wishful thinking given the institutional barriers that frustrate the Soviet Union's "Save It" campaign.

* An Efficient Energy Future: United Nations Economic Commission for Europe. Butterworths: £40.

Incentives for the managers

THE chief engineer of the Shetmash electronic machinery factory in Kursk, 450 km south of Moscow, is having problems with the design of his latest line in electric typewriters.

The Institute of Aesthetics in Moscow has called for some changes in the appearance of the machines. But, as Mr Shyrtsev Vasily explained, it is not just a question of making typewriters and other machines look right. They also have to be designed to take into account the energy consumed in the manufacturing process and the energy used during operation.

"Our main policy is that future products must have a smaller amount of material and energy content," Mr Vasily added. It is a policy which has typically given rise to its own bureaucratic procedures.

Each of Shetmash's products is allocated a set amount of raw material—plastic, aluminium and the like—which is specified by the Ministry of Electronics. The factory also works with the Technological Institute at Ryzna, some 200 kilometres south of Moscow, to see if raw materials can be pared down further. Finally, the Institute of Aesthetics puts its stamp of approval on the design.

Dated

If Shetmash's other products—calculators and cash registers—are anything to go by, the new typewriter will emerge in a form which will look somewhat dated to the Western eye. But the machine, costing 220 roubles (£200), should be energy-efficient.

Shetmash, which has an annual turnover of about 80m roubles (£82m) is also introducing "good housekeeping" measures to reduce its electricity bill. By being more careful with its lighting and heating—nothing was said about manufacturing pro-

cesses—the factory aims to reduce its electricity consumption by 2.4 per cent a year.

The factory uses annually about 34m kilowatt hours of electricity, virtually its only energy source. Its annual bill works out at about 288,000 roubles (£282,000) given that the electricity is charged at a rate of 1.3 kopeks (1.1p) a kilowatt hour. A similar factory in the UK would expect to pay three to four times the amount for its electricity.

Capitalistic

Like many UK manufacturers Shetmash has its own energy manager, supported by a small team, who oversees conservation efforts. But in a surprising reversal of roles Shetmash has applied the Western capitalistic system of financial incentive to the work of the energy management team.

Mr Mitrofanov Anatoli, the energy manager, and his assistants are allowed to keep 45 per cent of the savings achieved. Energy managers in the UK would give their eye teeth for such bonuses, bearing in mind the considerable savings they have made. Last year Shetmash saved 960,000 kWh of electricity, well ahead of the target. Thus Mr Anatoli and his colleagues earned a bonus of 5,184 roubles (£5,113). The remaining 35 per cent saving (6,336 roubles) was spent on new energy techniques and equipment.

But what about the 10,000 factory employees who, through numerous slogans, are being encouraged to save energy? Do not they receive any financial reward to supplement their average monthly wages of 200 roubles (£182)?

Mr Beshodarny Valeki, the factory's trade union leader, was the one who answered: "There is a moral awareness by the people on the shop floor that conserving energy is part of the socialist tradition."

CONTRACTS

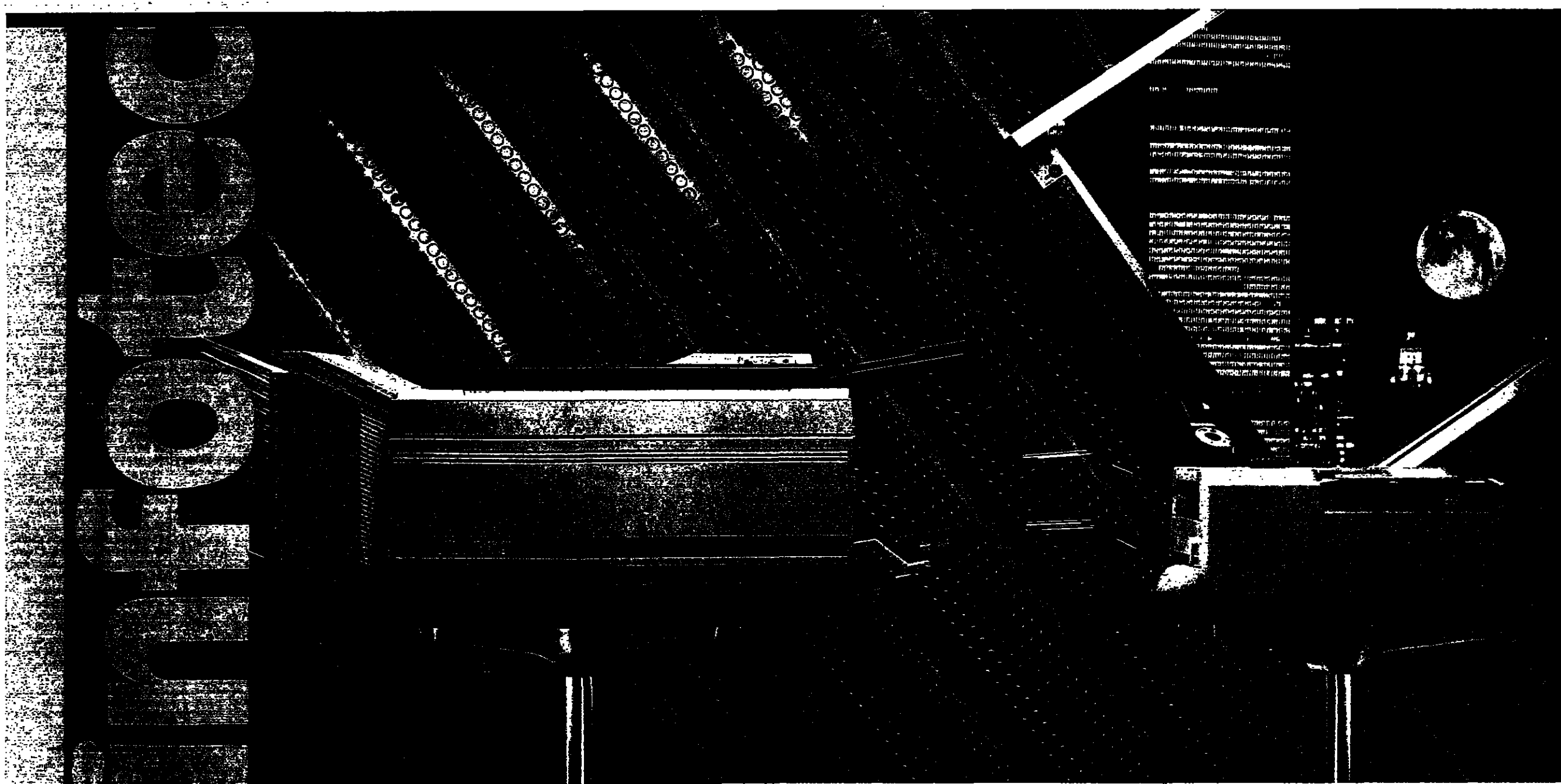
Inspecting North Sea pipeline

A contract worth over £1m has been won by ATKINS INSPECTION SERVICES for inspection of offshore pipeline construction in the Norwegian sector of the North Sea. Den Norske Stats Oljeselskap, operator for the group of companies involved in the project, is to transport gas from the Statfjord Field in an offshore pipeline system to a processing plant in Norway. From this plant dry gas will be transported to a riser platform in North Sea Block 15/11, where it will be merged with gas from the Heimdal Field for transport to Ekofisk and West Germany. Atkins Inspection is providing 36 personnel to work offshore on two pipeline barges during the periods March to October 1983 and March to June 1984. The personnel will be formed into six crews with each crew comprising welding inspectors, radiographic film interpreters and ultrasonic inspectors.

Balfour Beatty's subsidiary company, WHITLEY MORAN, in joint venture with Construction Techniques, Hong Kong, has been awarded a contract worth £3m by the British Steel Corp./Redpath Dorman Long joint venture for the provision of a protective coating to the steelwork for the head office building for the Hongkong and Shanghai Banking Corp. in Hong Kong. The work involves the application of 12 mm thickness of sprayed mortar incorporating stainless steel fibres and latex polymers to over 50,000 sq metres of structural steelwork. Work is due to commence on site in March and is to be completed 13 months later.

DONNELLY CONSTRUCTION has won contracts worth £2.7m in the North West. The largest is a warehouse and office block for Ciba Geigy at Trafford Park, worth £1.06m. Donnelly will also undertake renovations to 308 dwellings for Tameside MBC at Ashton under Lyne for £655,000 and to refurbish dwellings for Northern Counties Housing Association at Heywood worth £225,000. The Cheshire-based company has a contract worth £225,000 for 40 flats for Salford Community Housing Association at Salford.

A contract worth £1.5m has been awarded to THOMAS GLOVER AND CO, a division of Unique Fire Protection by PSA Supplies (DOE) covering the next three years' requirements for specialised fire extinguishers. These are designed to meet the durability and operational specifications of the Ministry of Defence for use in military installations in the UK and overseas. The company is part of the Thorn EMI Group.



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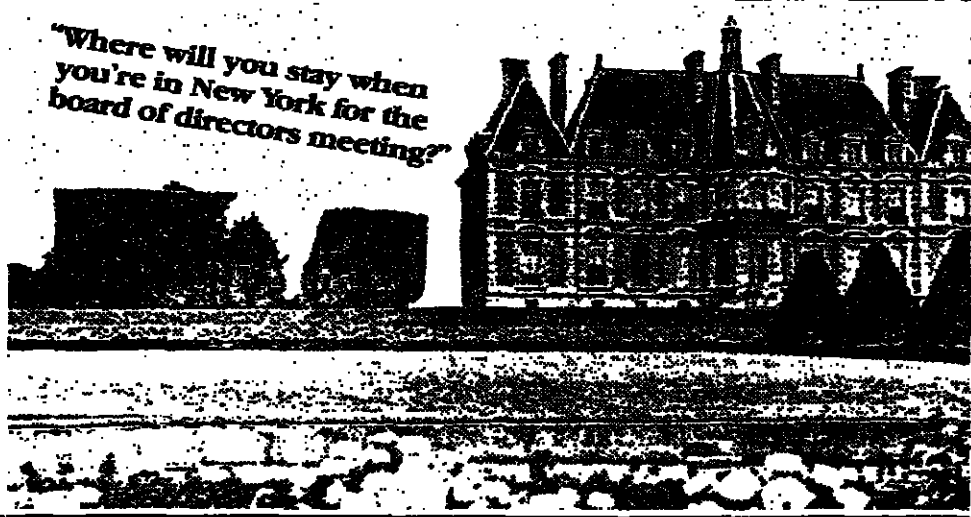
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Telecom workers to protest at sell-off

By David Goodhart, Labour Staff

SELECTIVE industrial action aimed particularly at the telecommunications systems of the main financial institutions in the City of London has been approved in principle by the Post Office Engineering Union (POEU) executive - in protest against the privatisation of British Telecom (BT).

The executive has not yet decided the precise location or dates of the action but it is expected within the next few weeks.

The union's left-wing will press for one-day lightning strikes to hit the London Stock Exchange and other financial institutions, but the executive may decide to ban maintenance work, creating a slower deterioration of the system.

BT could also face disruption over the related issue of the connection of Mercury, the independent telephone network, to its network.

BT management is expected to send out an advice note in the next few days to order the initial connection at Mercury's new London headquarters.

The POEU has a conference policy to block the connection of Mercury to the public network, and despite the agreement signed between BT and Mercury guaranteeing connection POEU engineers are expected to refuse to do the work.

Mr Doug Rice, secretary of the POEU's London North Central Internal branch said that if BT suspends its members for not doing the work or gives the work to other grades there could be co-ordinated industrial action throughout central London.

Disputes rob BR of first profit in 4 years

By HAZEL DUFFY, TRANSPORT CORRESPONDENT

STRIKES LAST year prevented British Rail from making its first profit since 1978. Instead, the state-owned group made a loss of £174m against a loss of £37m the previous year.

Last year's deficit means that British Rail will probably emerge as the third largest loss-maker among the nationalised industries. Steel and coal are likely to head the list.

Audited accounts to be released in May will show that the railways lost an estimated £200m in revenue during the strikes by the two main unions. The direct effect of the strikes on revenues was about three times as damaging as the effects of the recession.

Passenger traffic receipts were down by nearly 10 per cent last

year, from just over £1bn in 1981 to about £920m in 1982. Freight receipts were down by about 4 per cent, while parcels traffic suffered the biggest drop at about 22 per cent.

BR's total rail turnover of nearly £1.7bn was about £100m below that for 1981, after taking into account the increase in payments by the Government from £810.2m in 1981 to £887.2m in 1982.

The decline from profit to loss of the rail business was the largest factor in BR's overall loss last year. Other activities which went from profit to loss included Freightliner, and the rail workshops. Sealink, however, turned round from a loss of £700,000 in 1981 to an operating surplus of nearly £3m in 1982.

The full impact of the recession and competition from other forms of transport in the passenger business was felt in a near £60m fall in receipts from full fare paying passengers, to about £350m. Reduced fares, many of which have been introduced to beat competition from coach operators, produced a much smaller revenue drop of about £10m.

Season ticket receipts were down last year. BR's Southern region, which accounts for the majority of commuter traffic, says season ticket journeys were down 10 per cent.

But a head count of travellers in the peak, taken at the end of last year, suggests that the fall was due mainly to the strikes rather than longer term desertion to other transport.

BR staff roll at the end of December was 181,407 against 170,397 at the end of 1981.

Lloyd's to resist jobs for non-members

By John Moore, City Correspondent

THE ASSOCIATION of Members of Lloyd's, representing more than 500 individuals who belong to the Lloyd's insurance market, said yesterday that it was opposed to some members on the ruling council accepting jobs in the market.

It made its move after revelations that up to four of the eight members of the council, who were elected by the non-voting members of the market to represent their interests, were considering taking up jobs with insurance firms.

One representative on the council of the non-working members - known as the external members - is understood to have accepted a consultancy with an underwriting agency in Lloyd's.

The question of external members of the council being offered jobs has raised one of the biggest constitutional issues which the new Lloyd's governing body has faced since it came into force at the beginning of this year.

External members - one vote only for their own eight representatives to the council and have no vote for the 16 working members of the council who are elected by other working members of the market. The job offers by the working members are seen as an attempt to extend their representation on the Lloyd's Council by ensuring that the external members have a direct financial and business link with member firms.

Mr Ian Hay Davison, Lloyd's chief executive, said this week "Lloyd's has no legal power to prevent external members of the council taking up appointments."

Ford 'astounded' as car union makes two-week strike official

FINANCIAL TIMES REPORTER

THE STRIKE by 4,500 assembly line workers at Ford's Halewood car complex on Merseyside was declared official by the Transport and General Workers' Union yesterday, and another 400 production workers were due to be laid off today as a result.

Already 3,700 men are laid off at the body plant.

The latest lay-offs will be in the transmission plant which produces components for the Escort cars.

It is the first time in the fortnight-long strike that the transmission plant has been affected, although it has recently been working on short time with half the 2,000 men laid off a week at a time because of over-production.

The lay-offs will take effect indefinitely, from the end of the late afternoon shift, but production on gear boxes and other components will continue.

A management spokesman at Halewood said yesterday the company was astounded at the decision of the union officials, who are now indicating it could be a prolonged stoppage.

"We are amazed the union has ignored the company offer of a binding independent industrial tribunal, made during the negotiations in London on Monday."

They claim they had no alternative but to declare the strike official, but they have turned down a very real chance of a solution.

By last night the strike had cost 9,500 Escort cars worth £47.5m at retail prices.

● GKN Kent Alloys, of Strood, Kent, intends to take on another 100 workers, because of an improved market for high quality car wheels.

The company was facing disaster last year when business fell, but now with full order books it plans to double production of the wheels. The orders come from France, Germany and the U.S. Recruiting will start immediately.

Managing director Mr Richard Woodward said: "We will now work a seven-day week round the clock to meet the orders. We hope to recruit skilled workers locally."

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What happens if your best customer goes broke?

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Harland and Wolff launch oil carrier

By Andrew Fisher, Shipping Correspondent

HARLAND and Wolff, the hard-pressed Belfast shipbuilding company, yesterday introduced a new design of refined oil products carrier on which it is already having talks with interested shipowners.

The 40,000 deadweight ton tanker will cost over £20m and forms part of the new product range being developed by the yard under its new chairman, Mr John Parker, until recently deputy chief executive at British Shipbuilders.

Mr Parker said the yard could build five or six of these tankers a year. The ship will have a very shallow 11.5 metre draught, enabling it to enter 65-70 per cent of the world's major oil ports and also go through the Panama Canal.

Mr Parker said replacement demand for obsolescent ships would dominate the market for the rest of the 1980s and noted that half the oil tankers below 60,000 dwt - most on the products carrying trade - were over 15 years old.

Monarch gets Boeing 757s

By Michael Donne, Aerospace Correspondent

MONARCH AIRLINES, the UK independent airline, yesterday took delivery of the first of three Boeing 757 twin-engine jet airliners. The other two aircraft are due for delivery in April and May.

Monarch is the first inclusive-tour airline in Europe to get the 757. Air Europe, which has also ordered this new fuel-efficient jet, takes delivery of its first aircraft in early April.

Another major independent airline, Britannia, also took delivery of a new aircraft yesterday - its 31st, Boeing 737 short-haul twin-set jet airliner.

Onshore oil search licences approved

By Richard Johns

NINE onshore oil and gas exploration licences covering nearly 3,000 square miles mostly in the North of England were awarded yesterday.

They bring to 112 the total of onshore exploration licences now in force: up to now 74 onshore production licences have been authorised.

Two each of the latest allocations have been made to groups for which Charterhouse Petroleum Development and Moray Petroleum Holdings lead as operators. One of the successful applicants is Shell UK.

Exploration licences permit the holders only to search for oil and gas through prospecting and geological survey. They are valid for three years and may be renewed for a similar period at the discretion of the Secretary of State for Energy.

The awards include:

● Taylor Woodrow Energy, St Joe Petroleum UK, and James Finlay; 485 square miles of Lothian, Strathclyde and Central Scotland.
● Charterhouse Petroleum Development, Blackland Exploration, and Eaglestone Petroleum; 422 square miles of Northumbria, Durham, and Tyne and Wear and 160 square miles of Lancashire and Merseyside.

● Charterhall Oil, British Sun Oil, Bayford and Union Rheinische 141 square miles of Humberside.

● Moray Petroleum Holdings, Pict Petroleum, Anvil Exploration, and Ensoct Petroleum; 294 square miles and 312 square miles of West Yorkshire, South Yorkshire, Derbyshire and Greater Manchester.

● Shell UK; 348 square miles of Cheshire, Merseyside and Chryd.
● Clyde Petroleum, Charterhouse Petroleum Development and Industrial Scotland Energy; 487 square miles of Warwickshire, Oxfordshire, and Northampton.

● Anvil Exploration, Cambridge Petroleum, W.F. Brown Engineering, Attock Oil Exploration UK, and Reading Minerals; 384 square miles of Buckinghamshire, Oxfordshire and Berkshire.

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UK NEWS

CAR AUCTION GROUP BUYS SIXTH CENTRE

BCA wheels into U.S.

BY JOHN GRIFFITHS

BRITISH CAR Auctions' swift expansion into the U.S., which began in a beach bungalow on a tiny Florida island a year ago, has moved a stage further with the acquisition of its sixth auction centre.

The purchase of Dallas Auto Auctions, Texas, disclosed by Mr David Wickins, BCA Group chairman on Thursday, brings to \$27m the amount BCA has committed to establishing its U.S. subsidiary, Anglo American Auto Auctions since last May.

BCA is easily the UK's largest vehicle auctions group, with commissions from auctions and other sales last year totalling £22m and group pre-tax profit of £5.1m.

Even so, the \$2.55m cash which it has had to put down on its acquisition is, by BCA standards, considerable. And it was little surprise that Mr Wickins also announced a rights issue, together with the first half pre-tax profit of £2.18m, aimed at raising £8.8m.

But he said that he would be "very disappointed" if the U.S. company's results were not as large as those of the UK within three years.

All the auctions are profitable, and Mr Wickins expects their earnings to pay all the interest and much of the deferred capital cost of acquiring them.

Behind the acquisitions lies a

strategy which, if all goes according to plan, will make Anglo American Auto Auctions (AAAA) an entirely new kind of creature among American auctions.

With the exception of the American Mannheim group, vehicle auction centres throughout the U.S. are individually owned. All operate within their individual catchment areas.

The reason a particular vehicle will be shipped the length of Britain for sale is that BCA knows it will fetch a higher price in a particular area, says Mr Mike Richardson, director of the U.S. company - much more than enough to cover its transport costs. Special-interest sales, such as its Union Jack "top" car auctions, are also organised on a national basis.

Even though the U.S. is geographically much bigger, Mr Richardson says the same strategy can be made to work.

So the centres AAAA has acquired so far have been carefully chosen geographically to create an operating web.

Apart from Dallas, they are in Taylor, Michigan; Kansas City, Nashville; Minneapolis and Omaha.

The first strand was spun at the beach bungalow meeting between Mr Wickins and Mr Tom Beasley, owner of the Nashville centre, on

the appropriately named Esperanza (hope) island. Wickins agreed to pay \$4m for the Nashville operation. "Once word got around, we were offered dozens of centres," says Mr Richardson. "But we had to choose carefully, they had to fit in with the plan."

Mr Richardson says he believes that by taking the best UK auction practices and the best U.S. ones - "we should wind up with a very formidable operation indeed."

He cites several examples. "The Americans can teach us an awful lot about preparing cars for auctions. Their pre-conditioning is much more sophisticated. In the UK in the early days all BCA had were two girls with buckets and sponges. Thank goodness we are well beyond that. But no one does body or mechanical work. In the U.S., they do everything, and can bring a car to auction in pristine retail condition."

A similar approach must be developed in the UK, he says. He points out that, despite harsh, snow-laden winters, there is not one U.S. auction that has got cover for its cars.

Not least of Richardson's targets is to pick up greater business from the U.S. manufacturers themselves, who dispose of large fleets annually.

British Gas stands by Wytch oil valuation

BY RICHARD JOHNS

THE GOVERNMENT is showing increasing frustration over failure by the British Gas Corporation to dispose of its 50 per cent share of Wytch Farm, Britain's largest on-shore oil field.

British Gas was originally instructed to dispose of its stake in 1981, and is understood to have rejected revised and improved bids by the two groups still involved in the negotiations. Even though oil prices have been sagging, these bids are said to be a considerable improvement on those submitted by three consortia towards the end of last year.

Interest from the two groups still

involved in the bidding is still high despite the withdrawal of London and Scottish Marine Oil and U-tamar from one of them. The remaining members of that consortium are Tricentral, Carless, Clyde, Goal and Premier, while the other consists of Rio Tinto-Zinc Charterhouse and Associated British Foods.

British Gas has not budged from its £450m-500m valuation based on the assumption of a production of 60,000 barrels a day in the second half of the decade.

Nevertheless, the Government is reluctant to use its powers to enforce a sale.

More pits under threat

BY MAURICE SAMUELSON

THE CONTINUING increase in coal stockpiles caused by falling demand for electricity is worrying the Central Electricity Generating Board (CEGB).

The CEGB says this "points to the need to close uneconomic pits." Mr Fred Bonner, CEGB deputy chairman, told a press conference that this year will see no increase in the bulk supply tariff.

Despite mounting stocks, Mr Bonner said, the CEGB was deliberately maintaining its foreign coal stocks in Holland and Belgium "as

a political asset to be used against the National Coal Board."

The coal has been bought under a long-term contract with open-cast producers in Australia. The CEGB has been asked by the Government to restrict imports from these stockpiles to 750,000 tonnes a year.

The decision to hold bulk prices steady was dictated not merely by falling demand but by the CEGB's success in increasing the thermal efficiency of its fossil fuel power stations to more than 34 per cent.

Call for controls to combat dumping of maritime rubbish

BY KEN FERRIS

MUCH TOUGHER controls should be introduced to combat the dumping of rubbish at sea and the subsequent littering of beaches, says a report published by the Keep Britain Tidy group.

The report, which has taken more than three years to prepare will be presented through the Department of Trade to the International Maritime Organisation (IMO), the United Nations agency dealing with maritime affairs.

The findings show that almost half of all containers washed up on the beaches of Western Europe originate in Britain. This is because of the large number of ships which use British ports and take on stores there.

But the UK, unlike its European partners, has not yet accepted proposed international controls aimed at reducing this type of pollution. Acceptance by the UK would have "an immediate effect in reducing marine litter levels in West European waters," the report says.

There was clear evidence of widespread dumping of solid wastes from ships in European coastal wa-

ters and throughout the North Atlantic ocean.

Some waste, including Canadian outboard motor oil and snowmobile oil bottles, had drifted to British beaches from the coastal waters of North America.

The Keep Britain Tidy group, recognised as the national agency for litter abatement, is concerned about the injuries marine rubbish causes to animals and the damage to fish nets, ships and boats.

The UK accounts for 8 per cent of the world's merchant fleet (1981 tonnage figures), and has so far failed to ratify Annex V of the MARPOL 73/78 International Convention which deals with the prevention of pollution caused by ships dumping waste. The report says the UK's decision will considerably delay the introduction of the proposed regulations.

The Department of Trade points out, however, that the UK was among the first signatories of agreements restricting the dumping of oil and chemicals, and that these agreements take priority over litter dumping.

"Punctuality is the virtue of Kings."

Old German Proverb



Wage rises wiped out by inflation

By Max Wilkinson, Economics Correspondent

AVERAGE take home pay has fallen in real terms by 4 per cent in the three years since 1979-80, when the Conservative Government came to power, according to Treasury estimates. The fact is disclosed in a written parliamentary reply to Mr James Callaghan, the former Prime Minister, who asked about the take-home pay of a married man with two children on average manual earnings.

The answer shows that in the three years from the fiscal year 1979-80 to 1982-83, the man's gross earnings rose by 39 per cent to £140 per week.

This gain was almost exactly wiped out by the inflation of prices which went up by 39 per cent over the period.

His total deductions for income tax and National Insurance contributions, however, went up by 56 per cent in the period, leaving him just 4.3 per cent worse off in real terms.

In another written answer last week, the Treasury estimated that the cumulative effect of the Conservative Government's changes to income tax from May 1979 to March 1982 was to increase the take-home pay of those earning more than £30,000 a year by an average of £3,650 more than the rise they would have had if tax thresholds and allowances had risen only in line with inflation.

Order for submarine

By John Deans

AN ORDER for the 17th nuclear-powered Hunter-killer submarine for the Royal Navy has been placed with Vickers Shipbuilding and Engineering at Barrow-in-Furness. Junior Defence Minister Mr Ian Stewart announced the order in the House of Commons last night.

He said the submarine would be the fifth in the Trafalgar class and the Government intended soon to invite tenders for a further vessel. Meanwhile, the RAF is to spend up to about £10m on four more British Aerospace Type 125 Series 700 twin-engine executive jets for communications duties, Michael Deane writes.

They will supplement the RAF Communications fleet of six of these aircraft of an earlier model, which in turn are to be fitted with the more advanced U.S. Garrett jets, in place of the original Rolls-Royce Vipers.

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SOLAR POWER COMPANY LOOKS FOR 10% OF WORLD MARKET

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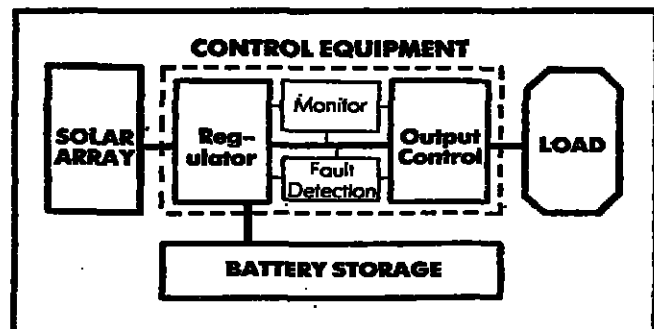
BY ELAINE WILLIAMS

A SMALL company in High Wycombe has ambitions to take 10 per cent of the world market in solar power equipment. Solapak is one of the leading companies in the UK which makes and designs systems to harness the power of the sun to generate electricity.

Mr Philip Wolfe, Solapak's managing director, said that about 98 per cent of Solapak's business is exported, mainly to the Middle East. At present, the company's turnover is close to £1m but Mr Wolfe hopes that this will grow to £10m within the next few years. The company is growing at a rate of more than 50 per cent a year which is higher than the average growth for the industry.

Solapak is a systems company. It designs solar power equipment based on photovoltaic cells to generate electricity. As solar power does vary throughout the year, battery back-up has to be included to take account of any shortfall in supply. The company uses computers to analyse test data and to predict the amount of electricity which can be generated at a particular site and builds its systems accordingly.

The total world market for solar power systems is about US\$100m (£70m), says Mr Wolfe. He says that the markets for solar power systems are split into several areas. The largest is the professional mar-



ket which includes the provision of power supplies for unmanned equipment operating at remote locations, water pumping stations and electricity for navigational aids.

This sector provides Solapak with the bulk of its business as it tends to concentrate on the supply of highly engineered systems to large contractors such as Plessey or government-owned bodies such as British Telecom, and public utilities.

Last year the company carried out several projects of varying size in countries such as Botswana, Oman, Libya, Guinea, to Abu Dhabi. Projects have ranged from supplying power for cathodic protection of pipelines, electricity for unmanned radio beacons, microwave repeater stations and telemetry equipment. The cost of such

projects have ranged from a few to several thousands of pounds.

The second largest area is in the domestic fields to provide lighting and other electrical requirements for holiday homes and remote cottages. This is about 15 per cent of the total market.

One of the remaining two sectors is to provide scaled-down mains power supply to remote villages, giving a wide range of applications from refrigeration to hospitals, pumping drinking water and supplying electricity for educational television based on solar power.

Mr Wolfe believes that this will be one of the most important areas for growth over the next few years.

Until now Solapak has had little involvement in the less

technically demanding consumer business. Now it sees rural electrification as a major new outlet for its engineering expertise because of the large numbers of people in developing countries who live in rural areas.

Without many basic services these rural communities are unable to make much progress or make a contribution to their countries' national economy. The difficulty has been to provide such communities with an economic and simple way of obtaining the services they need so that standards of agriculture, health, education and industry can be improved.

Recently, Solapak developed community electrification systems powered by solar generators which use high efficiency appliances such as pumps, refrigerators, lights and television. The company says that solar power now compares favourably with the traditional forms of electricity generation.

Mr Wolfe believes that such applications will grow because of efforts around the world to produce solar cells more cheaply. Most of the major manufacturers are trying to produce better ways of mass producing cells.

Already the company says that it is benefiting from the falling prices of solar cells as it does not manufacture the solar cells itself.

THE WHOLE VIEW OF AUTOMATION

Tasbian approach to plant of the near future

BY GEOFFREY CHARLISH

A COMPANY formed at the end of last year called Tasbian, funded with £2m from sources that include the Norwich Union subsidiary Castle Finance, is now offering a computer-aided design, manufacture and test (CADMAT) service at its Plymouth plant.

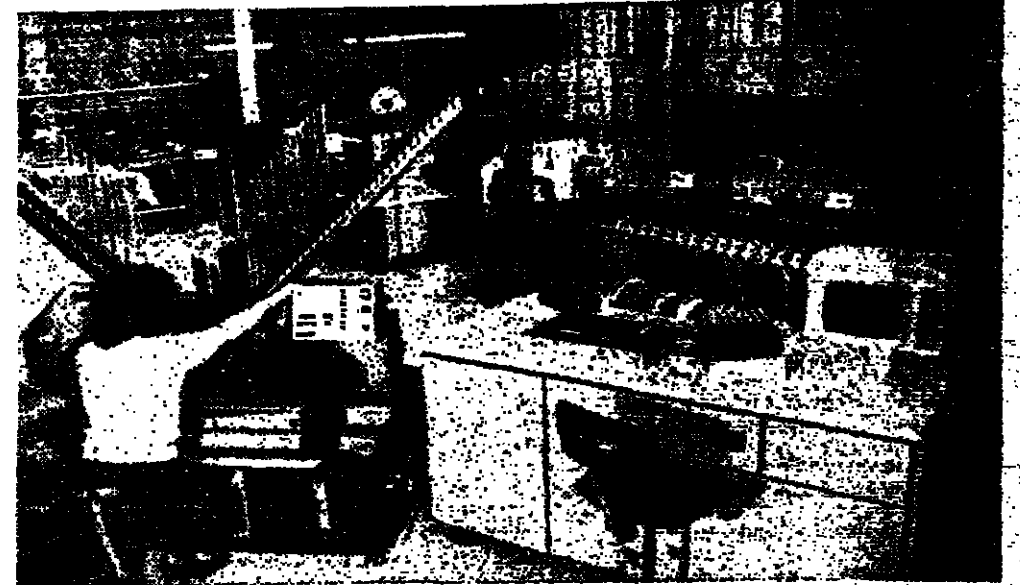
Malcolm Edwards, managing director, believes the service may be unique in Europe. He says that companies presently offering similar facilities are mainly existing manufacturers offering surplus capacity or, perhaps, established subcontract houses that have added automation to what is basically a manual facility.

He asserts that on the one hand they cannot claim to be totally independent while on the other they cannot offer the integrated, capital intensive, high technology approach needed today.

Edwards says that his integrated "green field" approach is being well received. "The biggest surprise comes," he says, "when we explain the level of investment we have made and describe our broad, high-tech approach to the specialised business of making electronics sub-assemblies."

Edwards' approach is one that will be taken increasingly in the coming years. He emphasises that to take full advantage of automation "you must treat the process of manufacture as a whole, not in piecemeal parts."

One aspect of this is that only with the proper PCB layout can



Tasbian's "factory of the near future" in Portsmouth offers computer-aided design, manufacture and testing

a product take advantage of automatic assembly and test methods. "It is clear to us," says Edwards, "that ATE and CAD are essential elements of the production process. As far as we can see, no other service company in Europe seems to have realised this."

So, Tasbian's approach is one aspect of the now much talked of "computer integrated manufacturing" (CIM) in which, ultimately, all the processes on

the shop floor now being controlled separately by one kind of computer or another will be unified, with a common database.

It means in essence that any change made in one aspect of the production process will be immediately reflected in all the others. All the people and machines taking part will have immediate access to such data. The £400 sq ft factory at Plymouth is equipped with CAD

facilities, automated component insertion machines, in-line "paced" solder machines and automatic test equipment.

Although only 15 people are employed, the unit has a potential throughput of 1,500 Euro-card sized boards per single shift day.

Several contracts have already been completed, mainly from microcomputer companies, including Torch. More on 0782 788351.

MICROPROCESSOR CONTROL ON VARIABLE SPEED DRIVES

Heenan moves into digital techniques

ONE of the first applications of microprocessor control to variable speed drives in response to advances in control technology is now available from Heenan Drives, one of two new companies in the restructured Redman Heenan group concentrating on test and control systems.

It marks the entry of a company known worldwide for its mechanical/hydraulic engineering and eddy current drives into high technology digital techniques. These can improve manufacturing efficiency by ensuring more accurate repeatability and flexibility. It also reduces the time needed for

setting up and re-setting.

The Heenan DC drive can interface directly with a computer or other digital equipment without the need for an "interpreter," and can be incorporated into the latest manufacturing systems called the Intelligent Drive, the system makes possible the use of microcomputers to control the drive so that multi-motor systems can be built with less dependence on the central console.

The individual drive will maintain the local intelligence to enable it to stand alone in a single drive configuration, thus minimising breakdowns in the central console. It will also

diagnose and display its own faults and allow adjustment of a program through a separate monitoring panel that can be safely used with the drive still in operation.

Among the first customers have been water authorities for pumping purposes. It is estimated that as the result of energy and other savings the payback time will be around two years.

The market for variable speed drives in the U.S. and Europe last year was estimated to be worth some £800m, about equally divided. This is expected to exceed £1bn by the 1990s.

In the year to September 1982 sales by the group of eddy current machines were £3m. In the current financial year total sales are expected to be some £5m with the addition of new products, but still leaving eddy current with 90 per cent of the turnover. Thereafter the impact of beefing up R and D staff to 40 out of a total workforce of 180, many of them specialist electronic applications engineers, will be increasingly felt. By September 1986, or a little later, turnover should rise to £15m.

Full particulars from Heenan Drives, Blackpole Road, Worcester WR3 8TL (0905 57555).

PETER CARTWRIGHT

Semiconductors

Integrated circuits

HARRIS Microwave Semiconductors, part of the Harris Corporation, and Cray Research in the U.S. are to explore jointly the possibilities of using gallium arsenide integrated circuits in supercomputers.

Harris Microwave already produces GaAs circuits for communications and information processing applications while Cray makes large computer systems. Elec-

tronic circuits based on GaAs material allow chips to operate up to five times faster.

There is presently a lot of interest in Japan in the development of such circuits for the next generation of supercomputers. More information on 0753 34666.

Pressings

Bench model

A mini press of two tonnes capacity, suitable for hand operation and bench mounting has been designed by Kemp-

stone Engineering, Bakewell Road, Loughborough, Leics., as an addition to its existing range of five and 10 tonnes capacity models.

Components Electronic sockets

WELLS ELECTRONICS has added a 64 pin socket to its range of zero insertion force production sockets for electronic components. The "PRO-ZIF" socket has a centre lever that needs no special tools for opening and closing the contacts to hold

the integrated circuit. More details of this device is available from Wells Electronics at 1701, S Main Street, South Bend, Indiana, U.S.

Language

Dyalog launch

DYALOG APL, which is a version of the programming language APL capable of being run on the UNIX operating systems, has been launched by Dyalog Systems.

It is available for the first time on a 68000 based supermicro, the Eleasdale EDC680. More information about this development is available on 0252 547222.

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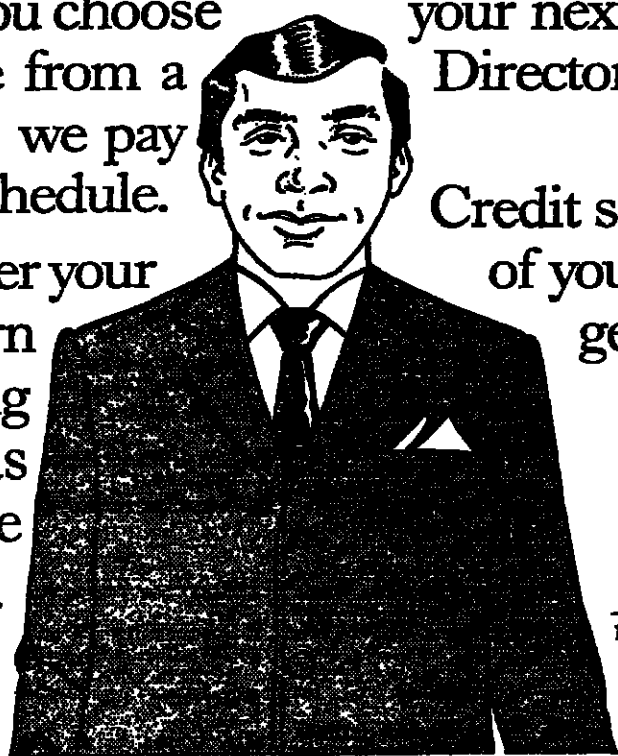
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THE ARTS

New York Theatre

Michael Coveney

On Your Toes

The big hit of the moment, despite falling foul of the New York Times critic, is George Abbott's revival of the 1938 Rodgers and Hart musical *On Your Toes* at the Virginia Theatre. The great ballerina Natalia Makarova is making her debut both on Broadway and in musical comedy as Vera Barnova. The musical numbers are staged by Donald Saddler, based on the original choreography of George Balanchine.

The show was initially devised as a screen project for Fred Astaire, who turned it down. The role of Junior Dolan, now taken by the flamboyant muscular dancer Lara Yeeter, was first played by Ray Bolger. Junior becomes entwined with Vera as a result of an amorous revenge plot. But this somewhat squeaky hinge is an excuse for full-scale choreographic collision between the worlds of American jazz dance and Russian classical ballet.

Junior is a music teacher with a submerged vaudeville background (his early days are evocatively conjured in a vaudeville prologue). Vera's company which, with its temperamental male star (George de la Peña), hard-bitten managers (Dina Merrill) and exasperated impresario (George S. Irving), is comically reminiscent of Diaghilev's Ballets Russes, needs a shot in the arm but, more immediately, a fifth Nubian slave for an extravaganza of Oriental kitch at the Cosmopolitan Opera House.

Junior is signed up, but ruins the performance by forgetting to make up his body and causing merry havoc in the ensemble. In a parallel development, "comes out" as a musical performer, joining his sweetheart Frankie (Christine Andreas) in the show's most famous song, the hilariously melodious "There's a Small Hotel."

The Russian company, as a result of the fracas, becomes a hot ticket overnight and Junior's "Slaughter on Tenth Avenue" ballet closes the musical in rousing style. In this, the third of the show's extended dance sequences, Makarova gives an absolutely stunning display as a high-kicking stripper. I have never seen a back bend and arch in quite the way she manages it, and she describes some beautifully executed angular lines, many of them in defiance of gravity.

Makarova also has fun with her Russian accent, to which she lends an outrageous stage emphasis. When not dancing, she fidgets and flutters like a frightened bird, but her comic timing is nonetheless decisive. She is discovered in bed, her legs rising to the ceiling, face obscured by a newspaper. She sets her trap for Junior, counting his blessings in advance. "Das de lucky day for beem." Their first meeting ends in dance on and around the bed, a hilarious duet of brutal lifts and savage thrusts.

The execution of numbers elsewhere is less than brilliant. I was disappointed in the two songs involving Dina Merrill. "Too Good for the Average Man" and "The Heart is Quicker than the Eye." And the music for the first ballet is frankly tedious. But from the moment the two rival ensembles—Junior's sputniks and Vera's corps—stage their first styles and proceed to merge them, the show soars and accelerates to a triumphant climax. The designer is Zack Brown and the musical director of an outstanding band is John McLaughlin.

In Sam Shepard's *True West* at the Cherry Lane Theatre, the Chicago actor John Malkovich is giving a definitive and brilliant performance as Lee, one of two brothers locked in a rivetingly dramatised debate about art and life.

Anniversaries/The Place

Dominic Gill

The Society for the Promotion of New Music and the Camden Festival, respectively 40 and 30 years old this year, are celebrating their anniversaries jointly this month with two concerts at The Place. Both programmes are what is known in critical parlance as a "judicious mix" of works by such established SPMN-related composers as Benjamin Britten (the Society's President from 1958-76) and Elizabeth Maconchy (the Society's President now), with music by SPMN "discovered" composers like Peter Maxwell Davies, Alexander Goehr and Dominic Muldowney, leavened or otherwise by a selection from among the more than 400 new scores submitted by young composers to the Society during 1982.

The Britten-Maconchy frame for the second anniversary event Monday night—a string-orchestral concert played by the excellent Divertimenti orchestra under Simon Bainbridge—includes Britten's early, exuberant *Prelude and Fugue for 18 strings* (1943). All stylistic matters aside, how fine it would have been to have been able to match it in the same programme with just one recent British work of similar brilliance, confidence and high-voltage invention.

No matter how minor masterpieces are rare—and to live for the discovery of them alone is to go quickly grey, and quickly mad. It was good to hear again Dominic Muldowney's *Driftwood* to the Flute which, in its own way, is his wider reputation while he was still a student at York 10 years ago. Muldowney is a lively

and talented composer (as well as musical director of the National Theatre); but has he written anything quite so sharply etched and pungently dramatic since?

None of the newer pieces achieved even a small degree of the originality, colour and clarity of *Driftwood*. Philip Feehan's *Veritas* was well written and winsomely lyrical, and mildly pretentious in its attempt to "solicit the help" of Bach to overcome "the difficulty of harmonic resolution in a polytonal idiom"—for Bach, not unpredictably, offered neither escape nor resolution, only a modish *cul-de-sac*. Richard Barrett's two-minute *Invention IV* I found as almost wholly opaque as Symon Clarke's 20-minute *Veritas*. The other two, scratchily, gracefully, and the other chundily aimless.

Royal Liverpool Orchestra appointment

The Royal Liverpool Philharmonic Society has announced the appointment of Edward Cowie as composer-in-residence. The position is being funded by a grant from the Granada Foundation.

It is claimed to be the first composer-in-residence associated with a symphony orchestra to be created in this country.

The residency will offer the opportunity for a close relationship between the composer, orchestra and audience, for not only will Cowie's works be performed, but the residency will also entail involvement with the community.

Television/Chris Dunkley

An ominous 'mission to entertain'



Paul Freeman and Zoe Wanamaker in "Enemies of the State"

The danger in television is that after a mere seven weeks of the "mission to entertain" however unimpressively fulfilled, the new mission to entertain will have a precisely similar trivialising effect through the rest of the industry as the Sun had on Fleet Street. In this sense the BBC's *Breakfast Time* and by association its evening programme *Nationwide*—the very existence of which is now being openly questioned—depend to some extent upon TV-am succeeding as originally conceived. Even the brave formula of Channel 4 *News* could draw strength from the all-glamour of the TV-am concept.

In order to understand what has been happening at Camden Lock it is necessary to appreciate the unusual nature of that concept. In the eyes of Peter Jay the venture was to be the first "United Artists" undertaking in British television—a sort of United Artists (though tellingly that phrase was not used, the more showbusiness favoured "United Artists" being preferred) with acknowledged to the group of Hollywood stars who formed the original United Artists in 1919.

In the infant American film industry when it became clear that there was a danger of the money men dictating events, exploiting the talent and leaving actors and directors with no power and relatively little reward, Mary Pickford, Douglas Fairbanks, Charlie Chaplin and D.W. Griffith formed the United Artists Corporation to make and control their own and other people's high quality films.

This was Jay's model for TV-am. For the first time British television was to have a service hauled from the front by its presenters and journalists instead of being pushed from behind by the backroom boys or the bankers. Since Jay himself is a journalist and not a banker and accelerating from Camden to the television organisation of either influencing the structure of the television organisation for which they work or (in Britain unlike the USA) of

understand that another of the institutional shareholders at last week's City meeting was equally adamant: "We are not going to accept this type of presenter power on TV-am."

Apart from the effect on the rest of Britain's television journalism, the other doubt raised most forcefully by this affair concerns the Independent Broadcasting Authority. In 1967 they were dazzled by an all-star line-up including Humphrey Burton, Frank Muir, and Clive Irving brought together by David Frost to bid for the London Weekend franchise. Frost's group won it but the glorious plans all fell apart and within a year they had to be bailed out by the money men—led by none other than Rupert Murdoch on that occasion.

Fourteen years later Frost was the prime mover in bringing together Jay and the Famous Five for the TV-am bid, and once again the star-struck members of the IBA, now led by Lady Plowden, handed over the franchise though this time, I understand, against the advice of the Authority's permanent secretary who were twice shy. This time the disintegration has taken only seven weeks.

Now, for the good of the viewer, it is surely a lot of questions to be answered: when will the Government draft in some professional expertise to the membership of the IBA to avoid these repetitive howlers? Who will replace Jonathan Aitken at TV-am? If a journalist such as Mike Townsend, currently editor of *TV Eye*, how will he live with the power of the Yorkshire Mafia/Aitken axis; and if a money man what will be his relationship with Lord Marsh? Could it be that Aitken will simply return to Westminster and leave TV-am and the Famous Five to his friend Michael Deakin? Considered. Watch the next episode of *Soap*....

With *Enemies of the State*

Granda once more strenuously the lone tradition within British television which contradicts the accusation that broadcasters show the worst about the Western democracies and allow the horrors of the communist bloc's totalitarianism to go by default.

This production, written from her own life by Czech dissident Zdena Tomlin, and directed by Czech Eva Kolouchova, was even more effective than some of the *World in Action* specials on such events as the Prague Spring or Grogovsk's experiences precisely because it was about the life of one ordinary family. The Tomlins championed human rights in Charter 77 and so the authorities persecuted them until they were driven into exile.

One programme like this speaks as loud as the Berlin Wall, and Granada Television producer Mike Beckham, Zoe Wanamaker, who played Mrs Tomlin, and of course the real Mrs Tomlin should all be saluted.

Philharmonia appoint Sinopoli principal conductor

The Philharmonia Orchestra announces that Giuseppe Sinopoli has been appointed principal conductor, with effect from January 1984. Sinopoli will be appearing with the Philharmonia in May 1984 and from the 1985-86 season onwards will be spending 12 weeks each season with the orchestra.

Under his exclusive contract with Deutsche Grammophon, he will be making a number of recordings with the Philharmonia.

Short List, Hampstead

B. A. Young

The first act of Michael Rudman's play shows a committee of assorted theatrical eminences in search of a prize-winning play. Mr Rudman has been artistic director of various theatres in his time, and conferences like this must have been part of his diet for years. Come to that, I've sat on such committees myself, a good deal, and without breaking any confidences I can say that Mr Rudman's version of the proceedings, give or take a good measure of dramatic licence, is not very far away from the truth.

To begin with, it's necessary to find a play that everyone has honestly read or at any rate that they can remember. Then each member has personal prejudices that tend to steer him in a direction that may involve a direct collision with someone else's. Bill (Michael J. Jackson) is himself a writer, but has success only in German translations. Howard (Bernard Hill) is another, Marxist oriented and still involved in the fantasies of the 1960s. Monosyllabic David (Glyn Owen) writes plays about the workers in the north. Peter (Philip Voss) is a wicked

parody of the Arts Council Man. Gillian (Susan Engel) hasn't written anything for a long time. At the head of the party, nominally, is Joan (Maxine Audley) the widow of the philanthropist who has left the money for the awards, and she is inclined to ignore the proceedings while she recalls old times. But the practical chairman is Terry, a director (John McKellen), who has only read the three plays on the short list in the interval for fifteen minutes.

This first act is all colour and virtually no plot, except when one of the writers has a sudden, outrageous meeting with a secretary to find out what his chances are. The second act is colour, too, rather than drama, but it does lead to a conclusion. I thought the whole evening funny and truthful, but then it is about something that has concerned me for a long time. Parts of it sounded like dramatized pages from my diary, only funnier. Whether people less involved with plays and playwrights will find it as entertaining as I did, I can't say, but at any rate they can't fail to find it superbly acted.



Ian McKellen

Chicago Brass/Sadler's Wells

Clement Crisp

Richard Alston's newest work, seen on Monday in the new Rambert programme, is set to Hindemith's *Konzertmusik* for brass, two harps and piano. A score whose thrilling contrasts in sonority are given rigorous formal control, it is realised in a sequence of plotless dances for three women and six men that show Mr Alston in classically correct mood. The dances are spaced and placed with considerable sureness and felicity of pose. Their exposition by the dancers, though, seems on a first viewing to lack the exactness of style, the tautness which music and choreography imply: it is as if the cast have yet to stretch out to all the possibilities of the movement. It is a work which I would like to see danced by a more classically assured ensemble.

That the Rambert dancers can respond wholeheartedly to physical challenges was clear in their account of Paul Taylor's *Airs* which ended the programme. The choreography springs light-footed out of the Handel score and the cast seemed buoyed up on its bright rhythms and fresh textures. Taylorian style is subtle and far from easy; this performance had the grace of the communal sweetness and generosity of spirit, which is so much its essence. Catherine Beque and Michael Ho were exceptional in the happy, tripping allegro of the fourth movement, where the ingenuities and subtleties of Taylor's writing—his ability to reveal structural devices and clothe them in movement without clouding their form—were beautifully realised. It was a radiant performance and, on the official first day of Spring, banished the dismal actuality of the season with a reminder of light and warmth and joy.

The programme was completed by Richard Alston's *Apollo Distracted*, which continues to intrigue and please without revealing all its secrets. No matter why Apollo is shown as a woman, our pleasure lies in watching the progress of ritual without questioning its celebrants.

Arts Guide

Musical Monday, Opera and Ballet Tuesday, Theatre Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

March 18-24

Theatre

NEW YORK

Amadeus (Broadhurst): David Dukes stars as Salieri in the award-backed and elegant National Theatre production of Mozart's life. (2470772)

Agnes of God (Music Box): The fiery trio of Elizabeth Ashley, Geraldine Page and Amanda Plummer enliven a somewhat over-written clash of ideologies. (2464038)

Joseph and the Amazing Technicolor Dreamcoat (Boyle): The first work by Andrew Lloyd-Webber and Tim Rice in a lively and imaginative production directed by Tony Tanner. (2455780)

Genesee (Fairbanks): Author Jonathan Reynolds takes advantage of a stint watching Francis Ford Coppola shooting *Apocalypse Now* to parody the American film industry in this riotous re-creation of a jungle film set awaiting the end of a seasonal typhoon. (432 W 42nd) (2794200)

Nine (48th St): Two dozen women surround Paul Julia in this Tony-award winning musical version of the Fellini film *8½*, which like the original celebrates creativity, here as a series of Tommy Tune's existing scenes. (2308200)

Pleasy (Plymouth): Moving on to Broadway from its Public Theatre opening, Kate Nelligan stars again in the New York production of the play written and directed by David Hare about Europe's transition from war to peace over the last generation. (2308200)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway suc-

cess of Nicholas Nickleby, has his imagination and frisky cats slink, slide and dance their way across a transfigured stage in this lavish re-creation of the London hit. (2388262)

Top Girls (Public): After the Royal Court production enjoyed its short sold-out run, Caryl Churchill's ruminations on ambition and women reopens with a local cast including witty actresses Linda Hunt, Kathryn Grody and Sara Botsford, again directed by Bob Stafford Clark. (5887100)

Excalibur (West Side Arts, 43rd W. 9th Av.): The realistic portrayal of a realistic rake, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast by Susan Sarandon and James Russo. (544004)

Warred Maroon (Belasco): If anyone can cheer up Broadway's sagging season it should be France's favourite silent clown. (2396200)

Angels Fall (Longacre): Lanford Wilson's ponderous and pretentious ruminations on life after a nuclear accident transfers boldly to Broadway after a decidedly lukewarm reception at the Circle Rep. (2396200)

Show Boat (Opera House, Kennedy Center): A cast of 50 from the How-

ston Opera company led by Donald O'Connor revives the Kern-Hammerstein musical of 1927 with its brilliant score including songs of *Oh Man River*, *Bill and Make Believe*. (2347778)

The Imaginary Invalid (Arena Stage): Guthrie Theatre's associate artistic director Garland Wright presents Argan and company with Marc Aulene Chapman's original music for Moliere's masterpiece about quackery and hypochondria in the ancien régime. (4585300)

The Kennedys (Eisenhower, Kennedy Center): Jason Roberts retakes the role of Hickey and Jose Quintero's direction for this O'Neill revival of bar-room reflections through the bottom of the xmg. (2342670)

The Dining Room (Goodman, 200 S. Columbus Dr.): A. R. Gurney Jr.'s vision is combed from the front of four walls of a middle-class New England family as it changes with its inhabitants. (4433900)

Deaf for One (North Light Rep, 2300 Green Bay, Evanston): Tom Kempinski's slightly veiled story of the painful and frustrating accommodation of a concert artist to growing deafness stars Eva Marie Saint. (6897278)

E. R. (Organic, 3519 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of hospital-based melodrama, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (3475888)

Other Places (Cottesloe): Triple bill of Harold Pinter plays superbly directed by Peter Hall. Pinter breaks new ground in *A Kind of Alaska*, Judi Dench outstanding as a woman coming out of coma after 20 years and accelerating from mad to adult maturity in half an hour. (9282282)

Trafford Tazewell (Mermaid): Ecuberant play that sets the battle of the sexes in a wrestling ring. This fringe success has re-opened the embattled City of London venue. (2365568)

The Fringes of Reason (Drury Lane): Ridiculously vulgar Broadway import that sits Gilbert and Sullivan on a whoopee cushion. One or two brilliant set pieces, but is all this stridently strident camping about really preferable to the prim stasis of the *D'Oyly Carte* tradition? (8368108)

84 Charing Cross Road (Ambassadors): Moving and unimpressive account of the love affair by correspondence between a New York Anglophile, Helene Hanft, and the owner of a West End bookshop. (8381171)

Gays and Dolls (Olivier): A first-class revival of this witty musical happily laid out on the open stage, with a good selection of the acting talents of the National Theatre and some unlooked-for singing talents as well. (9282282)

Vienna's English Theatre (421260): *Aramis* and *Old Lace* (daily except Sun). *Theater an der Wien* (570822): *Anastasia* (daily except Sun).

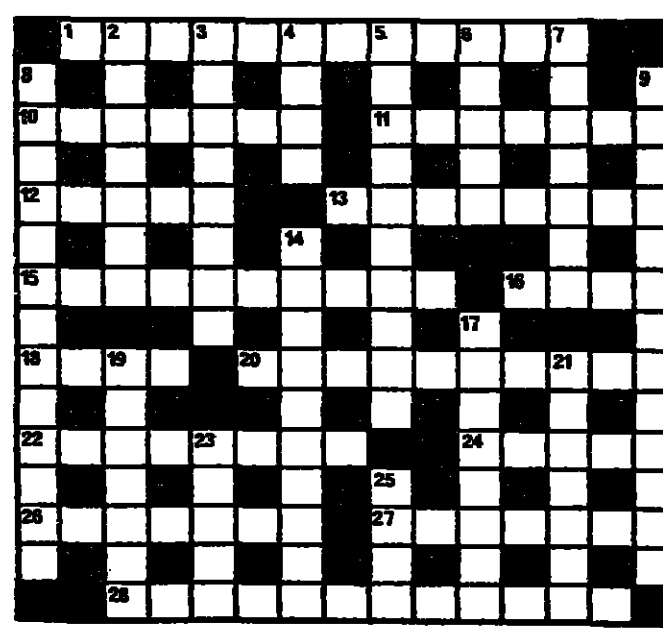
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ACROSS

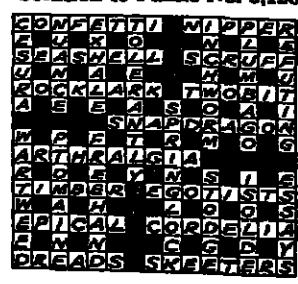
- Explorer whose early proposal was accepted? (12)
- Money is for a number taking a practical view (8)
- Boat carrying gas? (7)
- Runner takes cover in the Home Counties (6)
- They could plough (8)
- Where you may take refreshment of course (10)
- Touched the fabric (4)
- Some get very depressed on the Isle of Wight (4)
- For Arnold, Oxford the home of such loyalties (10)
- Furniture necessary for 13? (8)
- A right the Spanish have to join Russian guild (5)
- Have trebles on Paris treat (7)
- Sort drink for resident doctor in a city (7)
- Sweet instrument (7, 5)

DOWN

- Harangue you love to share (7)
- Rose arranged Eton's tie (8)
- Governor meeting politician displays fibre (4)
- Greeting could be angelic (10)
- A pound to an old penny soldier goes in cold (5)
- United uprising for Oriental in unlawful detention (7)



Solution to Puzzle No. 5,128



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We have a nostalgic pang in dropping the American Bosch name. But we have even greater pride in our trade name: United Technologies.



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Wednesday March 23 1983

Waiting for Mr Arafat

THE EUROPEAN Community emphasised yesterday the steps it believes vital if President Reagan's Middle East peace proposals are to be carried forward. The Palestine Liberation Organisation and the Palestinian people have to declare their willingness to participate in peace negotiations. And Israel has to show that it is ready for genuine negotiations based on United Nations Resolutions 242 and 338 while imposing a freeze on building or extending Jewish settlements on the occupied West Bank and Gaza.

President Reagan is unlikely to quarrel with that assessment. When he launched his peace proposals on September 1, he declared: "The immediate adoption of a settlements freeze by Israel, more than any other action, could create the confidence needed for wider participation in these talks. Further settlement activity is in no way necessary for the security of Israel and only diminishes the confidence of the Arabs that a final outcome can be fairly and freely negotiated."

His judgment has proved entirely correct. The Arabs—more precisely King Hussein of Jordan and the PLO—have asked urgent for a statement of their willingness in principle to negotiate Palestinian self-determination on the West Bank and Gaza.

As the hour for an Arab decision approaches so Israel is predictably diminishing confidence in the possibility of a "fairly and freely" negotiated outcome to negotiations. At last Sunday's Cabinet meeting it was decided to tighten Israel's grip on the West Bank by approving construction of another eight new settlements.

Vigorous

King Hussein has been promised more vigorous action by Washington on both the settlements issue and Israel's withdrawal from Lebanon if only he will state his provisional willingness to limit his role to the Reagan initiative. The decision is not King Hussein's alone. He must get at least an amber light from Mr Yasser Arafat, the Palestinian leader, in order to provide momentum for himself as a negotiator and to avoid more widespread Arab hostility.

Mr Arafat's capacity for vacillation and his desire to prevent a more obvious split in the ranks of the PLO have so far prevented him giving an answer to King Hussein.

Instability in commodities

IN SPITE OF the speculative surge in the dollar price of many commodities since mid-1982, the average price of exports for numerous Third World primary products remains at a level so depressed that their outstanding debt cannot be serviced in full. That must be a cause of continuing concern in the developed, as well as the developing world, in the light of the banking crisis; and while rescheduling of bank debt provides a breathing space, the relief is strictly provisional.

It seems likely, then, that increasing attention will focus on attempts to boost commodity export earnings through commodity agreements in the run up to the Belgrade meeting of the UN Conference on Trade and Development (UNCTAD) in June. Public opinion has, in addition, been primed by the Brandt Commission, whose latest report reiterated support for UNCTAD's proposed Common Fund, which is intended to finance individual schemes.

It is questionable, however, whether attempts to raise average prices by agreement are ever very effective except over the short term. The troubles of the Organisation of Petroleum Exporting Countries perfectly illustrate the difficulty in reaching and maintaining agreed prices and production quotas.

Objective

As for stockpiling schemes, the experience has not been particularly encouraging. In the context of the present recession, when prices have been depressed virtually across the board, it is hard to believe that finance would have been available on an adequate scale to permit stock operations to do more than delay the inevitable. A more realistic objective, which both developed and developing countries have a long acknowledged common interest, may be simply to seek a reduction in price volatility. In this respect a new Hobart Paper from the Institute of Economic Affairs by Sir Sydney Caine has some realistic analysis to offer.

The paper points out that commodity price volatility tends

to be endemic because crops are unpredictable; the elasticities of both supply and demand are low; and the industrialised countries limit access to their markets by support systems for their own producers, so that the impact of fluctuations in supply and demand is concentrated on a narrower free market. Bulk-purchase agreements such as the Lomé Convention, although they have benefited individual groups of producers, have excluded other producers and narrowed markets further.

Recommendation

The impact of volatile prices can be reduced, however, if producers may hedge in the futures market. But the problem is nonetheless real. As befits a paper from the IEA, the proposed solutions place emphasis on improving the market mechanism.

The auspices for curtailing agricultural protection scarcely look favourable at present. The paper does, however, recommend the development of long-term contractual purchasing arrangements, whereby an international agency would act as a broker in arranging contracts for longer periods than are available through existing commodity exchanges.

Such a scheme would certainly reduce uncertainty. The question is whether any commercial agent would provide guarantees and whether the scheme could operate without the use of line with long term contract prices, the temptation for the apparent loser to rescind could become overwhelming.

More important, then, a commodity scheme, in the context of the debt crisis, is a favourable change in the non-oil developed countries' terms of trade. A refinancing of existing debt which more clearly related debt service to commodity export earnings, especially in addition, primary producers need improved access to developed country markets to permit diversification into manufactured products. The recent decline in oil prices has at least given the first requirement a helpful shove.

IN THE waiting area outside the commissioner's office in New Scotland Yard, only two magazines are on display: Time Out and Private Eye.

Sir Kenneth Newman, six months into his term as head of Britain's biggest and recently most controversial police force, is revelling in his role as image-breaker.

Dressed in civilian clothes and puffing a pipe, his voice and style are more those of a well-read country vicar than what you would expect from Britain's top cop. Remember, you keep reminding yourself, this is the man who took over the Royal Ulster Constabulary at a critical point in the province's anguished history, endured a blaze of torture allegations and has made no secret of his belief that modern police forces need modern riot gear, including plastic bullets. It is to back men like Sir Kenneth that the Government is offering extra police powers in the hotly-contested Police Bill now before Parliament.

"I think I can best illustrate this with a visual aid," says Sir Kenneth, as he launches into an explanation of the Met's new corporate plan—the first time the force has engaged in such a self-consciously business school exercise—and out come the charts.

Behind the textbook jargon of "diagnostic phases" and "shifts in tasking patterns," Sir Kenneth's Met is to be trained to suck up intelligence ("don't read anything sinister into that expression," he beseeches "information would be a better word") in an unprecedented effort to build up contacts on the street and in communities. This data will then be fed back into the planning process within each of the force's 75 divisions, before being presented to the divisions' police-community liaison committees, which are now in the process of being set up.

Significantly, the EEC heads of Government made only a passing reference to King Hussein yesterday in welcoming his talks with the PLO. This reflects a sentiment in several European capitals that the onus for Middle East peace progress rests far more with Messrs Reagan, Begin and Arafat than it does with King Hussein.

Dependent

It is suspected, particularly in London, that by prevaricating over withdrawal from Lebanon Israel will so drain Mr Reagan's political determination that he will have neither the energy nor the time for the far more weighty and emotional task of negotiating the West Bank and Gaza. Neither should there be any doubt that the present government in Israel is totally determined not to relinquish control of the West Bank and, if possible, to limit severely any future Israeli government's scope for manoeuvre.

Yet Israel does remain economically and militarily dependent on the U.S. As the late President Sadat so often pointed out, it is the closeness of this relationship which dictates that Washington alone can lead the way to a just and durable Middle East peace.

If Mr Arafat fails to accept the force of that argument by withdrawing support for King Hussein's desire to test the Reagan proposals, he will bear some of the responsibility for the consequences of collapse. By the time a new U.S. President turns his attention to the Middle East, Israeli settlements will have been more thickly on the territory that the Palestinians claim is rightly theirs.

President Reagan is offering an alternative, albeit less than the Palestinians would desire. King Hussein is willing to give Mr Reagan the opportunity to demonstrate whether he has the capacity to carry his proposals through. So, too, should Mr Arafat.

The starting point is that the Met is failing and failing badly to satisfy those upon whose

Policing London

The Newman plan for keeping the peace

Ian Hargreaves and Lisa Wood interview the new head of the Metropolitan Police

good opinion it relies. Mr Hattersley stated the statistical case concisely enough in the Commons last month, pointing out that the Met has 3.6 officers per thousand people compared with 3.1 and 2.7 in Merseyside and Manchester respectively; spends £89.70 per thousand each year, compared with £48 and £60, but secures convictions in only 17 per cent of reported crimes, compared with 34 per cent in Merseyside and 41 per cent in Manchester.

On top of that, the Met has had nothing but bad headlines in the last year. The Buckingham Palace intruder fiasco, the mistaken identity Kensington shooting and the high-level accusations that corruption discovered by Operation Countryman has gone unpunished, have been the most dramatic. But equally significant is the running sore of race relations, epitomised by recent events in Hackney, where a Labour council is refusing to pay its precept to the Met amid murky allegations over the circumstances in which a young black man died in a local police station.

Then there is a different kind of running sore: the fact that middle-class Londoners feel they have no protection against the burglary wave. The number of burglaries reported in the Met area has gone up by 43 per cent in five years.

Sir Kenneth thinks the same medicine can be used to soothe all these ailments. A police force in touch with its community, he says, will both improve crime prevention and detection, whilst helping to de-stress the people.

So, Sir Kenneth has sent off to every police station in London a video of himself explaining why policemen must be unfailingly courteous and unflinching in their observation of rules.

"Seventy per cent of arrests really come about because of public initiative or some aspect of co-operation," he says. "If you can make men see the strategic and organisational importance of public co-operation it no longer becomes a pious aspiration. It becomes a prerequisite for effectiveness."

This technique of turning one man's liberal preferences into another's corporate strategy for crime detection by the artery which runs through the Newman approach.

The most fundamental point in that strategy, he argues, is the place it gives to the Scarman-inspired consultative committees. These bodies, a mixture of councillors, MPs, policemen

and representatives of interest groups will be, he insists, not just talking shops but the point at which responsibilities for dealing with crime and tactics will be established.

The commissioner's wily caution, however, is in the background. In order, he says, to ensure that the community representatives on the committees are delivering an accurate picture of community demands, he has launched seven experimental opinion surveys, which he hopes to make a permanent part of the information-gathering process. He laments "the imprecise background" against which the police debate is being conducted.

In the case of the Met's much criticised specialist squads, Newman has also responded with a careful mix of real

debt, and its people clearly feel able to dispense with the City-bank master-class for lip-reading debtors.

change, pragmatism and straight public relations. In one case, he has simply changed a name and in another, the Special Patrol Group, instructed that in the next year it should concentrate on the fight against burglary. But he has also ruled that 650 officers from Scotland Yard should be dispersed to the divisions to improve what policemen call "ground cover."

Behind the extensive exchange of information at community level, Sir Kenneth is also trying to shape a better managed, more technologically advanced back-up from the centre, creating clearer lines of responsibility and making more

use of the Met's 500 computer specialists. In addition to its 26,000 police officers, the Met has 13,500 civilians. The technicians will play a big part in cross-matching information flows and, to use another key word, "targeting" potential criminals.

Targeting is another expression that Sir Kenneth in his pipe-puffing mood finds "unfortunate," but he adds quickly that it is really "a wholesome concept." It means that information gathered from the community will be supplemented by greatly expanded use of covert cameras in high-crime areas and used to guide policemen to a more discriminating but fruitful use of their stop and search powers. "We need to be much more accurate and selective," he says. This approach, he believes, will be particularly use-

ful against mugging which, with burglary, is a priority area for action.

It all sounds intelligent enough on paper, but will it work? And what are the right measures for success or failure?

At this point, Sir Kenneth parts company with the common man. He emphatically rejects the use of "clearup rates" as an indicator, on the standard academic ground that there is so much unreported crime (four to five times as much as is reported) and so many ways of "clearing up" a crime that the measure means nothing.

The main indicator Sir Kenneth will be watching, he says, as befits a former head of the force's community relations branch, "a steadily improving condition of public confidence in the police." The opinion surveys will help him measure these trends.

He will also, he says, be looking for more arrests of muggers. Early indications suggest he may be getting them, although it is still not clear whether the problem is simply being moved on from one area to another. As for burglary, he would also like more arrests, but he admits this presents grievous problems for the police.

One division of the Met has become so frustrated with the burglary wave that it now merely sends out the best bent officer to see victims, to combine tea and sympathy with a chat about prevention, releasing CID officers for more fruitful inquiries.

Sir Kenneth bluntly categorises burglary as one of those areas where the public has too high an expectation of the police. Such talk is no more likely to satisfy the law and order lobby than is Sir Kenneth's view of consultative committees and community policing likely to satisfy the more practical, controlled London boroughs

which are refusing to follow the Scarman model, insisting that the police be made fully accountable to committees of locally elected representatives. Some Labour politicians argue that with a man as persuasive and clever as Sir Kenneth Newman at Scotland Yard, the need for closely structured accountability is even greater than it was under previous commissioners.

Sir Kenneth does not quite play a straight bat to these arguments. Having rather vigorously expressed his support for the tripartite approach of Mr Whitelaw—Home Office as supreme authority, commissioner as chief executive and consultative committees for public contact and accountability, he insists that he is politically neutral on such questions.

Perhaps surprisingly, Mr Hattersley, who says he will definitely wish the action of the Home Secretary's view of the Met, replacing it with some decentralised network of perhaps six, perhaps 26, mini-police forces, each with a police authority consisting of councillors, claims to be unworried by this. Having met Sir Kenneth, he came away convinced that the new commissioner would fight intelligently and tenaciously for his point of view, but that presented with a political fait accompli, would co-operate with Labour's plans.

"The door is at least ajar with Sir Kenneth," says Mr Hattersley. And even within the pre-breakfast Greater London Council of Ken Livingstone, there are firm Newman admirers.

What all this should tell us is that by now Sir Kenneth Newman is as good a politician as the politicians. He knows exactly how to hone a phrase and marshal statistics



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Men & Matters

Machinations

Robotics promises "20 years of the most exciting advances in any discipline," Peter Davey told the Royal Society of Arts in the last of this year's Cantor lectures. British robot research was "in the first league even if somewhere near the bottom."

Davey is that rarity, a highly articulate engineer. His experience of advanced technology has taken him from GEC's laboratories to those of universities in California and Germany. He spent 15 years trying to teach computers to scan the photographs that spew from modern automatic machines and spot infallibly the very rare events of significance.

Now he has his own research in Oxford on an advanced robot welding system; and a second job for the Science and Engineering Research Council as co-ordinator of national research in robotics.

For Davey, the intelligent robot will be one that can play



"Red sky at night, 45% profit's all right. Red sky in the morning, Farmer's warning"

ping-pong. "So far there is no hope at all of our programming a robot to do that," he says.

He tells of a Japanese professor who, in a lecture, threw a ball into a waste-paper basket. This was an apparently prodigious feat of programming, until the proof revealed that his computer was in fact shifting the basket to where the ball looked like falling.

The moral, Davey advises cheerfully, is "always cheat if you can. He, too, is cheating, by playing tricks with the lighting to fool his own robot into finding its way to the right spot to weld without resorting to a huge computer."

View point

The agony of the world's banking system was on public display in the shopping arcade of Panama's Hilton Hotel this week.

In a disused boutique running under the name of "Eleganza," about 20 shirt-sleeved bankers including Guy Huntrodt, a director of Lloyds Bank International, were to be seen discussing the debt problems of Argentina with Ugo Aguirre of the Central Bank in Buenos Aires.

The choice of venue was perfectly simple. The boutique had been taken over by Citibank as its "office" for the Inter-American Development Bank annual meeting and Citibank's William Rhodes heads up the Bank's advisory committee on Argentina.

Needless to say, the bankers who prefer to meet behind closed boardroom doors were somewhat disconcerted to find the prying eyes of journalists staring at them through the plate glass.

But for the most part, the local Panamanian window-shoppers ignored the proceedings. Panama is one of the few South American countries that has not had to reschedule its foreign

Up stream

Lazard's chairman Ian Fraser hovered discreetly in the background yesterday as the City's first computer-based information business Datastream announced its plans to go public.

The move will capitalise Datastream's £23.9m—more than ten times the amount for which Lazard's, BOC, Touche Renmant and others bought the company from Hoare Govett in 1976.

Pleasing enough in itself—but Fraser viewed yesterday's occasion more like a guardian proudly watching his ward come of age.

It was Fraser—with Lazard's Marcus Agius and John Hignett, currently seconded to the Take-over Panel—who brought together Datastream's present shareholders in the first place.

"We spent about six months forming the group and negotiating the deal," Fraser says. "Some people backed out—and I should think have regretted it since."

Fraser became the new company's first chairman and spent the next few years ironing out a series of problems: the search for new headquarters, stabilising a management that had been upset by the earlier departure of the business's founder Graham Bleame, and negotiating out the National Research Development Corporation which was claiming a large royalty on Datastream's foreign turnover.

By 1978, when Fraser left the chair, the company was firmly set on the expansionary course which has seen turnover increase from £3.6m to £8.3m. Lazard's will retain 8.5 per cent of Datastream's equity; and Fraser, himself, will maintain a more general interest in the company's future.

Britain may not be able to

make some things," he says. "But this is what we seem to be extremely good at doing—mixing service, finance and internationalism."

Old style

Another reminder of how distant the Swinging Sixties are, came yesterday with the news that Snob, the chain of High Street boutiques, has gone into receivership.

Set up by Philip Hillman and Leonard Soames back in 1965 in a shop in Brighton on a borrowed £1,000, Snob grew to be a chain of 29 stores.

Selling inexpensive clothes to the 15-35 age group, it at one time touched an annual turnover of some £8m. "For 17 of our 18 years we did very well," says Hillman. "The profits from one shop were used to open the next one."

The recession, the move by the multiples into young fashion, and sharp shop rent increases finally did for Snob. The receiver, Maurice Wit-hall, of accountants Thornton Baker, has already had an offer for a substantial part of the business, however. He says: "The company's prime locations could be of interest to one of the multiples."

Rat's-tail

Norman Mischler, chairman of Hoechst UK, finished presenting the company's rather dismal 1982 results yesterday with a pitch for its efforts to reduce the number of animals it uses in testing drugs and chemicals.

Even so, Mischler could not resist observing that 4.3m animal tests are conducted annually in the UK, 90 per cent of them on rats and mice. "As a nation," he added, "we eat 450m animals a year—and the percentage of rats and mice is far less."

Observer

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THE DARLINGTON BY-ELECTION

Why the barometer is unsettled

By Peter Riddell, Political Editor

WHOEVER wins tomorrow, the Darlington by-election will have shown that Britain now has a three party system which is both unstable and unpredictable.

There are now no certainties. The big Conservative lead in the national opinion polls may not be nearly so solid when translated into a particular contest. Labour's traditional class support may be under threat, yet outside the hot-house of London its traditional appeal is still strong. Similarly, while the SDP/Liberal Alliance is undoubtedly making inroads in working class areas, it is finding it hard to break through to victory.

Labour and the Alliance are the front runners in the by-election, probably in that order, with the Conservatives in third place. There is a danger, however, of exaggerating the significance of a narrow win either way. Obviously, the result has major short term implications, but the main lessons in the campaign are already clear.

Darlington is typical of the seats which will decide the next election. It is set apart from the rest of the industrial North-east, a railway town by tradition, but now a mixture of an engineering centre (Cummins Engine, Cleveland Bridge and Engineering, Whessoe) and a market town. The unemployment rate, at just over 15 per cent, is nearer the UK than the North-east average.

Darlington is a self-contained and self-sufficient place with good facilities and high quality housing (of which over 64 per cent is owner-occupied). There is no sense of depression, though there is clearly an awareness of unemployment, symbolised by the threatened Shildon railway works a few miles to the north.

The constituency has been held by Labour for over 18 years—at the last general election with a majority of 1,052—but it was Conservative from 1951 to 1964. So, both socially and politically, it is an ideal barometer of political opinion.

The SDP started with the big advantage of the Liberal landslide at Bermondsey. Its familiar and experienced by-election team moved quickly to attack the Labour vote and to create the feeling that the SDP was the early front runner.

Labour made a slow start but has counter-attacked strongly in the last ten days. The whole tone has been different from



Darlington candidates (from left): Michael Fallon (C) and the front-runners O'Sullivan (Lab) and Tony Cook (SDP/Lib)

the wrangling over the far left in Bermondsey. Mr Tony Benn and Mr Ken Livingstone have not been seen. The emphasis has been self-consciously traditional. The party headquarters is full of middle-aged men in ill-fitting suits, drinking tea. Visiting speakers have all been mainstream.

Personalities have played an important part, despite the scepticism of pundits about how much they usually matter. Mr O'Sullivan, for Labour, a 54-year-old lecturer with a life-time's worthy service to the party, immediately won the accolade of the Press as the most impressive candidate, knowledgeable and quietly humorous.

He has successfully traded on his local roots and projected himself as the acceptable face of Labour. Mr O'Brien has had a generally easy ride on policy and, as the campaign has gone on, has tended to become more than a little verbose and smug.

For the Conservatives, Mr Michael Fallon, a 30-year-old political researcher, is the epitome of the bright young politician in search of a seat. He is generally well liked and not short of opinions—expressing admiration for Dr Rhodes Boyson, and Mr Norman Tebbit—but he has apparently lacked warmth on the doorstep. Nonetheless, Mr Fallon has stood up well during the campaign and has no doubt earned himself a safer Tory seat next time.

The weakest candidate is Mr Tony Cook, of the SDP, a 37-

year-old television reporter from the local Tyne Tees station. He is well known in the town and has considerable doorstep charm. But he is very much the newcomer to politics—a floating voter before joining the SDP. Indeed, as has become painfully apparent, Mr Cook knows little about politics apart from uttering banalities about "time for a change" and "getting industry moving".

Consequently Mr Cook has foundered in public debates, but he has kept going under the intense media pressure and even earned some, albeit limited, sympathy. The importance of personalities was confirmed on Monday afternoon during a walk with an SDP canvasser around a modern council estate. Four out of 40 people referred unfavourably to Mr Cook's inexperience and one mentioned Mr O'Brien favourably because of knowing him. The same canvasser highlighted how working class voters are now prepared to declare their open support for the SDP by putting up posters in areas where previously only Labour stickers would have been seen.

Doorstep comments reveal widespread doubts about political allegiances. Labour's problems are not just, or even significantly, about the merits of Mr Foot as a leader. Voters are much more worried about the party's divisions, the "drift to the left" and about Labour's general capacity to govern. Similarly, while the Alliance

has benefited from the desire for a change, voters appear unsure where it stands. For the Tories, the Falklands factor appears to be waning at least in the north, and there are worries over unemployment and apparent resentment over the change in the method of uprating pensions. The result has been to leave no party with a decisive advantage.

Consequently, all the parties have been watching the opinion polls obsessively to see whether one of the candidates is shown as clearly in third place. The two leaders will then try to squeeze the support of the third one with an appeal against the other front runner. This is in effect the tactical vote. Polls can therefore be regarded as a form of proportional representation in which voters can sort out their preferences before choosing between the two leaders in the ballot box.

In Darlington, there has so far been little evidence of such switching. This may be because, unlike Bermondsey, the Tories have up till now always been in with a chance. Consequently, their vote has held up in the polls.

The main change in the last week has been some shift to Labour by previously undecided people, especially working class trade union members, and

possibly a little slippage in SDP support. There was no doubt yesterday of the optimism of the Labour camp, and of the private doubts of SDP leaders, despite confident canvass claims.

The result of tomorrow's voting could be to postpone a general election until at least October but, also, increasingly possible, until next year. For Labour, a win would undoubtedly boost morale, especially among the "moderates" and lead to talk of a new start for the party. Yet it would not really be a triumph, since the seat has to be won if Labour is merely to maintain its present position. A narrow loss might not make much impact since there is a feeling that the party has fought a good campaign and there seems to be no immediate threat to Mr Foot's leadership.

For the Alliance, a win would help to sustain its nearly recovered momentum. But after the early high expectations even a narrow defeat would probably mean a drop in the Alliance's support, back towards 20 per cent from the post-Bermondsey peak of 34 per cent and 27 per cent last week (according to Market and Opinion Research International). A defeat would also weaken the SDP's prospects for the Cardiff Northwest by-election in five to six weeks, where Labour has a left-wing candidate. An SDP failure would strengthen Liberal arguments that Mr David Steel should become Prime Minister-designate rather than Mr Roy Jenkins of the SDP.

There is also likely to be speculation that another candidate rather than Mr Cook might have done better. This could prompt a re-examination of the SDP's candidate selection procedure: by postal ballot, which favours the well known. For the Conservatives, the lessons of Darlington are not reassuring. Unless the polls are completely wrong Mr Fallon will not win. Some Tory leaders may be tempted to stress the North/South divide in Britain, and only Labour voters have so far been shown evidence of such switching. This may be because, unlike Bermondsey, the Tories have up till now always been in with a chance. Consequently, their vote has held up in the polls.

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The Williamsburg Summit

Now is the time for bold leadership

By Robert D. Hormatz

ON MAY 28, leaders of seven major industrialised democracies, and the President of the European Commission, will meet in Williamsburg, Virginia, for the ninth annual Western economic summit. They will face a formidable challenge. Despite recent reductions in inflation and interest rates, a drop in the price of oil, and signs of American recovery, the world economy remains in a precarious state. At no time in the post-war period has the threat to its cohesion and to the fundamental principles on which it is based been greater.

If the West is to respond effectively—if it is to avoid further deterioration in the international economic system and the attendant threat to political stability in many parts of the world—its leaders must make the most of the opportunity provided by Williamsburg. In the light of Versailles, where communiqué drafting reduced time available to discuss substance and led leaders to compromises on language which ultimately exacerbated differences, no communiqué is being prepared for Williamsburg.

However, not preparing a communiqué and not preparing a summit are two different things. The latter, with several leaders new to the summit process, runs a risk of an unfocused discussion, resulting in no conclusions, ambiguities which surface later and missed opportunities for agreement. More effective would be at least one prior meeting of foreign, finance and trade ministers to attempt to agree on how the summit might best address inter-relationships among the key issues.

At Williamsburg the leaders will have to address at least three interrelated sets of problems: prolonged recession and high unemployment, debt-caused by constraints on developing country growth, and major stresses on the trading system. These form a triangle of instability in which the world economy is caught. Each focuses on the others. If this summit has an historic contribution to make, it is to agree on a comprehensive strategy leading to progress in resolving these

problems. First, there must be a major effort to reach agreement on a concerted set of measures to promote sustained recovery without a high risk of increasing inflation or interest rates. A number of mutually reinforcing steps can help promote a broad upturn. On the part of the U.S., a reduction in the federal deficit, leading to a drop in interest rates, would enable others to relax their monetary policies.

Second, OECD countries should identify from their collective experience and expeditiously implement, or expand, programmes which have demonstrated success in reducing structural and youth unemployment. This could be set in motion by the summit. Third, a common effort is needed to help developing countries to overcome debt problems without an abrupt decline in their economic growth. This should include prompt ratification of agreed IMF quota increases, support for IMF adjustment programmes which are flexible enough to be economically effective as well as politically and socially sustainable, continuation of private financial flows and longer-term re-scheduling agreements which provide adequate breathing space for developing countries to strengthen their economies.

Fourth, agreement is needed on closer and more systematic consultation among monetary, financial as well as trade officials to identify and try to prevent exchange rate relationships from exceeding certain zones and otherwise to avoid currency misalignments and volatility—particularly where they distort trade and investment. Fifth, there should be a commitment to a moratorium on new or increased trade barriers and subsidies, and to an aggressive effort to revitalise and put political weight behind the effort to improve the rules and

procedures of the Gatt. Without both there is a serious risk that countries will succumb to the temptation to erect an economic Maginot line around themselves. Sixth, there needs to be a major effort to strengthen public understanding of the importance, especially during this critical period, of increased development assistance—in particular a substantial increase in IDA funds. Finally, in the light of the drop in oil prices, a common effort should be made to avoid disruption of energy production and conservation programmes, and of the financial stability of energy exporting nations.

Now is the time for leadership. The world will be looking to those assembled at Williamsburg to provide it. Recent summits have not done so because of the tendency of some to view them as competitive situations, in which there are "winners" and "losers," or as opportunities to play to domestic audiences by dramatising uncompromising pursuit of their positions. While summits inevitably involve a measure of theatre, enabling leaders to strengthen their influence at home, that objective was attained in earlier summits by leadership in forging a consensus on ways to strengthen the international economy. If Williamsburg is to succeed, that approach must be revived. History will judge this generation of leaders harshly if, as the world economy deteriorates before their very eyes, they cannot produce a strategy to strengthen it.

After World War II, the Marshall, Bevan, Monnet and Spaaks confronted problems greater than those of today with a sense of vision. Their commitment to strengthen the architecture of international economic co-operation was based on a desire to avoid a recurrence of the harmful economic friction of the inter-war period and recognition that their countries could not ensure their economic or political well-being without a healthy world economy. A similar attitude, and equally bold leadership, are no less important today.

The author is a director of Goldman Sachs International, New York, and a former Assistant Secretary of State for Economic Affairs.

Letters to the Editor

Modern methods of paying wages without cash

From Mr P. Viggers MP

Sir—Your leader on the road to cashless pay (March 15) would seem to be based on a very limited reading of the Government's proposals. You talk of the "temptation towards rationing." The Government's proposals make it quite clear that it has not succumbed to that temptation. Paragraph 10 of the paper reads, "The Government... would not seek to impose any obligation upon employees to accept cashless pay. But any removal of the statutory right to payment in cash would also allow greater freedom in reaching agreement where both

parties were convinced of the benefits of cashless pay."

You also fail to note that the paper comments on the option of outright repeal that, "The Government accepts that there may be powerful arguments against relying solely on potentially expensive common law remedies in this area." It is presumably for that reason the other options would all retain or extend protections against arbitrary deductions from pay.

You do the cause of cashless pay no good by misrepresenting the Government's proposals for removing what many who have supported my private member's Bill feel is one of the obstacles

to the widespread adoption in this country of modern methods of paying wages.

Peter Viggers.

House of Commons, SW1.

From Mr H. Downes

Sir—I write with reference to correspondence about a cashless society. I can only assume that your correspondents cannot have been in America recently. There petrol stations are offering discounts for cash sales.

H. Downes.

20 Greenhill Crescent, Merthyr Tydfil, Dyfed.

Providing child support

From the Director, Child Poverty Action Group

Sir—Malcum Thorburn's claim (March 15) that the feminist lobby has got in the way of what should be the aims of the Child Poverty Action Group is nonsense.

While there are certainly good feminist arguments for providing child support through cash benefits rather than tax allowances, they are not the sole arguments. By channelling state support for children directly into the hands of the parent rather than indirectly through the father's paypacket, the child benefit scheme makes it more likely that the money will actually be spent on children's needs. Child tax allowances provide no help to those too poor to pay tax (and if tax thresholds are raised in real terms the number in this position would grow) and they provide the greatest help to the higher rate taxpayer who can set them against his highest marginal tax rate.

The case for a means-tested child benefit is similarly weak. We already in effect have a means-tested child benefit; it is called family income supplement. Only about half of those entitled claim it whereas take-up of child benefit is virtually 100 per cent. And to the extent that it was claimed, a means tested child benefit would exacerbate rather than alleviate the poverty trap which is rightly the concern of the Financial Times (Leader, February 1) and others.

A universal child benefit scheme is needed to help families (at all income levels) meet the extra costs of raising children. The best way of concentrating most help on the poorest families would be to tax it—provided the benefit is high enough and the tax system is made more progressive.

Underlying Mr Thorburn's arguments is a contradiction. On the one hand he argues for child benefit to be more discriminating in its help; on the other he advocates the reintroduction of the much more indiscriminate and regressive child tax allowances. I suspect that this contradiction might reflect a prejudice against cash "hand-outs," as he pejoratively describes them, — a prejudice which is shared by the Treasury, and which is enshrined in official accounting procedures which treat child benefits, but not personal tax allowances, as public expenditure. Far from being "above suspicion," the odds still tend to be stacked against child benefits receiving the priority they deserve.

Ruth Lister.

1, Macklin Street, WC2

The price of meat

From Mr N. Enderby

Sir—You carried a report on March 17 on the remarks made by Colin Cullimore, managing director of Downhurst Butchers, at a Press conference given on March 16.

I would respectfully suggest he is talking through his hat when he said that many popular cuts were now much cheaper than a year ago. He went on to say that beef and lamb were up to 30p/lb cheaper, topside by up to 50p/lb, pork chops by 20-30p/lb and New Zealand lamb 30p/lb cheaper than a year ago.

Taking average retail meat prices for England and Wales they would seem to completely disprove his remarks with the exception of New Zealand lamb.

	Feb 1982	Feb 1983
Beef	p/lb	p/lb
topside	207	205
streak	249	243
fillet	372	357
NZ lamb		
leg	122	144
chops	114	142
shoulder	72	90
Pork		
leg	94	98
loin chops	122	127
shoulder	107	110
Sausages		
pork	72	69
beef	64	61

You can see that I obviously agree with Mr Cullimore on New Zealand lamb prices, but I find his remarks on beef and pork to be peculiar to say the least.

He also said that "everyone knows that farm gate and wholesale prices have dropped,"

I as a pig producer certainly do know that farm gate prices have dropped and to an extent wholesale prices, but that seems to be as far down the "chain" as it has gone.

Come on Mr Cullimore responsible comment in future please, as there is certainly no good feeling between pig producers and the retail trade at the moment and you have not helped it.

Nigel P. Enderby.
18, Short Beck,
Feltwell,
Thetford,
Norfolk.

Small businesses and VAT

From the Executive Secretary (Exports), Stivers

Sir—The proposal (March 17) that small businesses could pay VAT yearly instead of quarterly is certainly encouraging, but the retail trade at the moment and you have not helped it.

We, therefore, strongly urge that either exporters be zero-rated for VAT in toto or alternatively, that exporting companies continue to receive the payments monthly.

In addition, should a small business be allowed to accumulate VAT funds for a year and happen to go bust, the entire object is defeated. Perhaps the quarterly period should be extended to six-monthly on a trial basis, ensuring at the same time status quo to the exporters

if zero-rating is not possible. Jean Belson.
Sisters House,
White Horse Road,
Chalvey, Slough, Berks.

A welter of Euro-plans

From the Principal, London Business School

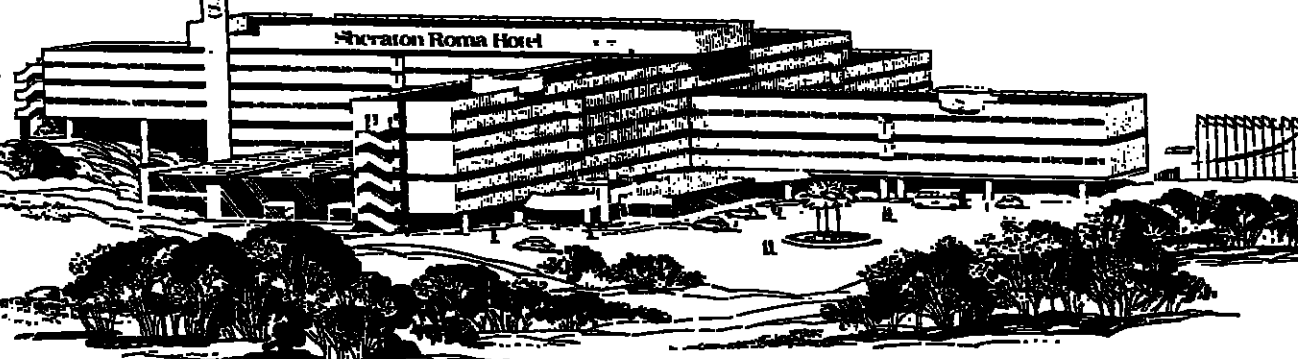
Sir—I am writing on behalf of M. Michel Albert and myself to correct the statement made in your editorial "A Welter of Euro-plans" (March 18).

You stated that the European Parliament has commissioned its own report from M. Michel Albert and "he will be assisted by the London Business School." The fact is that M. Albert and myself have been invited jointly and equally to oversee the preparation of the report to which you refer. The report, as and when it is completed, will be signed by us jointly in our private capacities. There is no question of the London Business School having any formal relationship as such with the preparation of the report.

The research staff for this project are located in Luxembourg, not in Regent's Park. To make the point further, my chef de cabinet in the preparation of the report is Mr John Drew, director of the American-European Community Association. No staff employed by the school—apart from myself—are formally engaged in the work. M. Albert and I would like to make it clear that we have been invited to carry out this work in our personal capacities. We are consulting widely with relevant organisations and governments, and are being supported by the usual secretarial and research facilities provided by the Parliament. (Professor) R. J. Ball, London Business School, Sussex Place, Regent's Park, NW1.

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Wednesday March 23 1983

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EEC calls on Arafat to support peace talks

BY JOHN WYLES IN BRUSSELS

EEC HEADS of government yesterday issued an urgent appeal to Mr Yasser Arafat and his Palestine Liberation Organisation to give the go-ahead for the participation of King Hussein of Jordan in Middle East peace talks.

The statement was an unusually direct attempt by the Ten to influence events at a critical phase in the search for an Arab-Israeli peace settlement. It was beamed directly on the talks in Amman this week between King Hussein and Mr Arafat which should determine whether the King agrees to negotiate on President Ronald Reagan's peace plan. This calls for Palestinian self-determination on the occupied West Bank and Gaza to be expressed in association with Jordan.

At the end of their European Council meeting yesterday, the EEC leaders issued a declaration saying that "the Palestinian people and the PLO should seize the present opportunity by declaring themselves in favour of peace negotiations."

"We are very much aware that time is short if there is to be a new initiative," said Mrs Margaret Thatcher, the British Prime Minister, who discussed the situation with King Hussein in London last week. She and her EEC colleagues believe the U.S. needs to act more decisively to prevent Israel from expanding its settlements on the West Bank. The summit leaders are also aware that President Reagan's scope for putting pressure on Israel will soon greatly diminish as the U.S. presidential campaign approaches.

The conclusions on the Middle East saved the summit from being dull. Mr Garrett FitzGerald, the Irish Prime Minister, blamed the generally inconsequential discussion on inadequate preparation. If true, this may be because the summit chairman, West German Chancellor Helmut Kohl, has spent most of the last week trying to form a coalition government, mastering the minutiae of EEC policies.

Mrs Thatcher, however, was determined to present the meeting as a personal triumph in which she had received "tremendous help" from Chancellor Kohl. After a "bit of battle and rather uphill work," she succeeded in winning some firm undertakings that rebates on Britain's 1983 EEC budget payments would be agreed before the beginning of June and would be paid out of the Community's 1984 budget.

There were two reasons why Britain would now get a good settlement, Mrs Thatcher said. "One is that our case is good and equitable and the other is that everyone knows that we shall go on until we do."

Other delegations implied that Mrs Thatcher had been through more of a skirmish than a battle, although she did have difficulty in securing a form of words in the summit's final conclusions saying that any agreed rebate would be written into the EEC's draft 1984 budget.

While regarding further budget



Mr Yasser Arafat: appeal by Ten

negotiations with the UK with extreme distaste, France's President Francois Mitterrand offered little resistance on the point. "His profile at the summit was low and he avoided any public comment on Monday's currency realignment in the European Monetary System."

For her part Mrs Thatcher claimed that Sir Geoffrey Howe, the British Chancellor of the Exchequer, had played a "distinctive part" in the realignment negotiations. But she was unequivocal on there being no chance of sterling participating in the exchange-rate arrangement for the time being.

Editorial comment, Page 14

Costa Rica to ignore creditors' debt plan deadline

By Peter Montagnon in Panama City

COSTA RICA will "totally disregard" tomorrow's deadline set by its commercial bank creditors for acceptance of proposals to reschedule some \$630m of debt falling due to them this year and next.

"Sovereign borrowers do not accept such an ultimatum," the country's chief negotiator, Mr Rodolfo Silva, told the Financial Times. The rescheduling proposals being put forward by the banks were too expensive for Costa Rica, which would only accept a deal it could be sure of honouring, he said. At the same time, it had no intention of repudiating its \$3.5bn foreign debt and would continue to make interest payments of some \$11m a month to commercial bank creditors while trying informally to reach an agreement on the rescheduling, he said.

Mr Helmut Stromeier, a senior official of the Bank of America and head of the commercial bank advisory committee on Costa Rica, has told the country that the rescheduling talks are at an impasse and that further discussion is pointless unless Costa Rica accepts the bank's terms.

These would provide for the debt to be rescheduled over seven years at a margin of 24 per cent over London Eurodollar rates, or 24 per cent over U.S. prime.

But Mr Silva said that informal discussions on the dispute had begun at the Inter-American Development Bank annual meeting here and would continue until an agreement was reached.

One of the main reasons for Costa Rica's rejection of the banks' proposals was that they contained hidden extra costs which would jeopardise the country's fragile foreign exchange cash flow.

For example, many banks were seeking to switch rescheduled loans from a Eurodollar interest rate to the more expensive prime rate. This would cost the country an extra \$10m this year, and its cash flow projections show a likely deficit of \$30m in 1983.

Costa Rica's debt renegotiation, which also involved the International Monetary Fund and Western governments, has been one of the most contentious of all Latin American debt problems.

Although the country's debt is relatively small, some bankers are concerned that a collapse of the talks could destabilise other fragile economies in Latin America.

There seems for the time being to be less incentive for creditor banks to declare a formal default so long as Costa Rica continues to make some interest payments on a regular basis.

Sohio to make big cuts in abrasive sector

BY William Hall in New York

STANDARD OIL OF OHIO (Sohio), the U.S. oil company 53 per cent owned by British Petroleum, is pulling out of the abrasives business worldwide, except for Brazil.

The businesses to be sold or discontinued suffered an operating loss in 1982 before tax of \$27m on sales of \$242m. The estimated loss in withdrawing from these businesses is \$75m after related income-tax effects.

Sohio says that abrasives are only one of the industries suffering in the recession as the U.S. economy shifts away from traditional, heavy industries.

The company plans to close bonded abrasives facilities in Niagara Falls, New York, and Logan, Ohio, and various distribution facilities that will affect about 900 workers.

The company intends to sell the U.S. coated abrasives business as well as the world-wide coated and bonded abrasives operations.

THE LEX COLUMN

Fair trade winds for Chartered

The slide in sterling, a recovery in South Africa and elimination of losses in UK consumer finance all helped Standard Chartered stage a second-half recovery which left most market forecasts trailing in the rear. With profits up by almost 40 per cent between the two halves, the pre-tax figure for the year emerged only 7 per cent down at £360m and the shares responded by putting on 26p to 494p.

After a slightly higher second-half specific-provisions charge, which roughly doubled the annual total to £85m, the rebound reflected all-round trading improvements. In the UK, gilt dealing brought in £4m while the consumer finance division, which accounted for around 25 per cent of bad-debt provisions, pulled round to break-even, and the foreign exchange dealing room took full advantage of the volatility of currency markets.

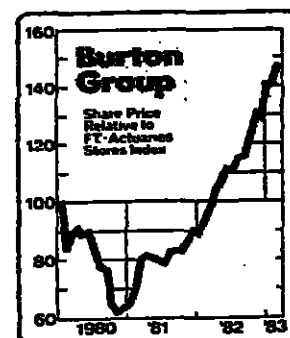
The recovery was even more pronounced in South Africa, where leading advanced as the gold price stimulated the economy, and the fall in interest rates brought the consumer finance business, which had earlier locked into low fixed rates, back into profits.

Even so, the first-half slump virtually eliminated trading growth on a year-on-year basis, with a £12m gain after provisions balanced out by currency translation profits. Standard Chartered is now embarking on a cost-trimming exercise across the group following a similar programme which has helped improve the performance of the Union Bank in California. But a profits recovery to support the improved dividend may be more reliant on the fall in interest rates and a better performance from the Far East and U.S. After yesterday's rise in the share price, the yield has fallen to 8 per cent only about a point above the UK clearing banks.

Burton Group

The Burton Group is still achieving the kind of performance targets of which reviving retailers, supported by aggressive management and innovative merchandising, should be capable. Sales have risen by a quarter across the group in the six months to February, with 60 per cent of the advance accounted for by volume gains in existing stores.

Net margins have benefited by almost a full point from the extra business, leaving profits before tax 28 per cent higher at £18.1m. Yet, despite the razzmatazz image, Burton is starting to manifest some of



the characteristics of a mature retailer and, after the current year - which could produce pre-tax profits of £32m or more - growth will flow increasingly from the addition of floor space.

A reshaped balance sheet should absorb the expansion without difficulty. This year a 60 per cent increase in capital spending - to £27m - will be funded entirely from cash flow, leaving cash resources of about £12m intact. High Street space is available in abundance but there is no doubt that Burton would prefer the kind of package deal offered by UDS to piecemeal acquisition.

Apart from anything else, Burton is rapidly exhausting accumulated tax losses, which the UDS units might replace. The share price of 321p, up 5p yesterday, leaves Burton on a multiple of 17 times prospective fully taxed earnings, a rating which acknowledges the exceptional organic growth potential but in the short term, may underestimate the negotiating skills of Hanson Trust.

Datastream

The tender mechanism for offering new shares suffered a serious reverse with the Britoil debacle but not, it appears, a fatal one. Datastream, which provides financial data to City of London institutions, is taking the plunge with an offer for sale at a minimum tender price of 180p a share, implying a market capitalisation of £24.6m.

With no quoted UK vehicle with which to compare this rapidly growing company, the offer's sponsors can legitimately argue that the market is best left to determine the starting price. Moreover, the underwriting risk is limited by the small proportion of shares on offer - only 15 per cent is being floated. This unusually low figure has apparently been sanctioned by the Stock Ex-

change on the ground that the shares are already well distributed within the City.

As Britoil showed, the danger with an offer for sale by tender is that, while discouraging the more blatant stages, it can also enhance the risk of a flop by limiting the scope for short-term capital gain to almost zero. Lazards will presumably fix the striking below the highest level at which a full allotment is possible, while making allowances for the need to include smaller investors in the shareholding register.

In the meantime, however, Lazards will be heavily plugging an earnings record which has lifted pre-tax profits at an annual compound rate of 38 per cent since 1978.

Willis Faber

Sedgwick Group caught the City of London on the hop the other week when it turned out figures for its financial year about £2m below outside expectations. Yesterday it was the turn of Willis Faber, another highly regarded stock in the UK insurance broking sector, to confound the analysts with pre-tax profits of £30.8m, £2m or so below all estimates, and an increase of 13.2 per cent on the previous calendar year.

Willis faced a steep climb in expenses of 20 per cent against a rise in income of just over 17 per cent. A pension scheme enhancement, a step-up in the usual increase of the bad debt provisions, continuing development of the group's computer systems and additional expenses taken on board through the Carter, Wilkes & Fane acquisition contributed an extra four percentage points to the underlying expenses growth.

The growth in group profit was supported by favourable exchange rate factors, which chipped in an extra £2m, a first time contribution of £884,000 from Carter, Wilkes & Fane and a useful increase of 26 per cent in profits derived from its associate interest in Morgan Grenfell.

The experience of Willis is likely to be more typical of the sector than Sedgwick, which derived considerable benefit from its acquisition programme. Moreover, Willis is transmuting its cash balances between insured and insurer faster than before, which means its revenue derived from investment income has fallen. The shares fell 12p yesterday to 548p.

Australian state bars uranium plan

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SOUTH AUSTRALIA'S state Labor Government yesterday vetoed the development of two new uranium mines in a move seen as a pointer to the recently elected national Government's future policy on uranium exploitation.

Members of the Canberra Government promptly welcomed Adelaide's decision to block development of the Honeycomb and Beverley mines, which was made on environmental, safety and economic grounds.

But Senator Peter Walsh, federal Minister for Resources and Energy, insisted that the decision did not mean Labor would necessarily block other uranium projects. It seems Labor has no objection to development of the vast Olympic Dam find of copper, gold, silver and uranium at Roxby Downs, also in South Australia.

Senator Walsh pointed out that it

made much more sense for South Australia to promote development of Roxby Downs, which promises to be one of the biggest mineral deposits in the world, rather than push ahead with smaller, less suitable mines such as Honeycomb.

The relatively small size of Honeycomb and Beverley, coupled with the fact that both would exploit uranium alone, may have helped Labor reach its decision. Honeycomb has recoverable reserves of 3,380 tonnes of uranium oxide, and Beverley 15,800 tonnes.

MMH Holdings, one of the companies developing the mines, was nevertheless dismayed at the decision.

In the South Australian Parliament, where the Government was jeered and booed, an opposition spokesman claimed that the veto marked a "clear victory for the Left wing of the Labor Party."

SEC to investigate Aetna's accounting

BY WILLIAM HALL IN NEW YORK

THE Securities and Exchange Commission (SEC) has launched a formal investigation into the refusal of Aetna Life and Casualty, the biggest investor-owned insurance company in the U.S., to restate its earnings for the first three quarters of last year to reflect a change in accounting procedures required by the SEC.

When it announced its 1982 earnings Aetna indicated that the SEC disagreed with its application of an accounting principle under which credit is taken in current earnings for future tax benefits resulting from net operating losses.

Aetna supported the principle which permits current recognition of future tax benefits provided there is an assurance "beyond any reasonable doubt" that they will be realised. Aetna's management believed this to be the case but the SEC differed.

The accounting principle had a big impact on Aetna's earnings last year. Some \$203m of reported earnings of \$522m was attributable to tax benefits for tax losses carried forward.

Aetna discontinued applying this accounting principle in the fourth quarter of 1982, reducing earnings for the final quarter by \$18m. However, it refused to adjust its earnings in the prior quarters and the SEC is investigating the matter.

Aetna says in its 1982 annual report that "the reduction in previously anticipated 1983 operating earnings will not be of major proportions, as a result of the change in accounting treatment."

● The U.S. property and casualty insurance industry has reported a 19.1 per cent drop in after-tax operating earnings to \$5,580m in 1982. This was a result of a record underwriting loss of \$9.88bn

IG Metall in bid to renew wage talks

By John Davies in Frankfurt

IG METALL, West Germany's biggest trade union, last night backed away from suggestions of a nationwide strike, calling on employers to renew negotiations on a pay rise.

The 2.6m-strong union gave a warning, however, that if the employers rejected this peace offering they alone would bear the blame for any sharpening of the conflict.

Union officials, meeting at their Frankfurt headquarters, declared that they demanded no more than a rise matching the expected inflation rate.

Although they specified no figure, they signalled a moderate interpretation of this claim. They denied that they were insisting that all metal employers match the union's agreement with Volkswagen, the car manufacturer, for a 4 per cent rise over 15 months.

The union said that selective strikes and demonstrations would continue this week and that it would review its stance in the light of the employers' response.

Employers originally offered a 2.2 per cent rise, but have increased that to 3 per cent. The union at first spoke in terms of a 6.5 per cent claim, although it says that its basic aim all along has been to keep up with inflation.

The employers have been taking a hard line because they believe the union is in a weak position, with unemployment high and rising, a conservative government in power and inflation showing signs of declining.

Enserch in new UK bid move

BY DAVID DODWELL IN LONDON

ENSERCH CORPORATION, the diversified U.S. engineering group, which two years ago mounted an above bid for Davy Corporation, is expected today to announce agreement to acquire another UK group Humphreys and Glasgow. Enserch is expected to pay around £10m (\$14.7m).

Neither Enserch nor Humphreys and Glasgow - a privately owned process engineering concern - would comment yesterday on reports of an imminent bid. But the chairman of both companies have called a press conference for noon today, when the announcement is expected.

Humphreys and Glasgow was founded in 1982 by Dr Alexander Humphreys and Dr Arthur Glasgow. Sales in the year to March 31 last year were almost £88m, but

there was a pre-tax loss of £877,000. The company has not reported a profit since 1977-78.

Since 1959, Humphreys and Glasgow has been headed by Ambrose Congreve. He is now almost 75, and wants to retire.

The company has been seeking a buyer for several months. Through merchant bankers Kleinwort Benson it has approached at least four companies hoping to attract a full or partial bid. These include Simchem, a subsidiary of Simon Engineering, Costain and Mowlem. A management buyout was discussed at one stage.

The company has plants spread across the UK, and has subsidiaries or associates in Canada, Australia, India and Malaysia.

In December 1980, Dallas-based Enserch made a £140m bid for Davy

Corporation. Its aim at the time was to create one of the world's strongest groupings, "able to compete for business in virtually every area of engineering and construction."

His bid was rejected almost a year later after a six-month inquiry by Britain's Monopolies Commission. Less than three weeks ago, Enserch announced that it had bought a 50 per cent stake in Losinger, Switzerland's largest construction company for SwFr 18m (\$8.65m). Losinger is also in financial difficulties, and reported losses last year.

Enserch, which specialises in oil and gas transmission and exploration, is diversifying at a time when recession is hitting its own operations. Revenue for 1982 was recently reported at \$3.79bn, up from \$3.36bn in 1981.

Mitterrand tells Mauroy to continue

Continued from Page 1

ous on tighter controls on public spending, cuts in consumer demand and fresh incentives for saving.

Today's announcement will coincide with the arrival in Paris of a six-member team from the International Monetary Fund. The mission is being led by Mr Alan Whitmore, head of the IMF's Europe department, who led negotiations with Britain and Italy in 1978 when both countries raised loans from the IMF. Sources said, however, the mission would be carrying out the IMF's routine annual survey of the French economy.

After being named as Prime Min-

ister M Mauroy immediately starting negotiations with M George Marchais, the Communist Party leader, and M Charles Fiterman, Minister of Transport.

Jeremy Stone in London writes: Foreign exchange markets generally returned to normal yesterday after the realignment of EMS exchange rates. But activity was muted, as traders waited for details of the French economic package.

All the EMS currencies traded fairly comfortably within their new channels, although there was some central bank intervention. The Bundesbank sold the Irish punt to stop

the punt going through its new ceiling and the Dutch central bank sold D-Marks to smooth out the downward adjustment of the guilder; in both cases the amounts were small.

Some currencies outside the EMS were officially realigned with the new EMS parties. After allowing the peseta to float on Monday, the Spanish authorities allowed it to be fixed at 134.95 to the dollar, a devaluation of 1.6 per cent, while the Turkish lira has been devalued by 3.3 per cent against the dollar and 2.1 per cent against the D-Mark, quoted yesterday by the Turkish central bank at 83.6 lira.

Reagan faces budget crisis

Continued from Page 1

The Treasury Secretary, appeared to rule out even the imposition of an oil import tax this year, although that is considered in Congress as a most attractive revenue-raising measure at present because of the weakness of international oil prices.

Uncertainties over U.S. budget prospects are again becoming a major preoccupation in the financial markets. The fact that the economic recovery appears to have begun may have taken some of the pressure off both the Administration and Congress to take drastic action to curb budget deficits.

Hope on Yugoslav loan

BY ALAN FRIEDMAN, BANKING CORRESPONDENT, IN LONDON

BANKERS involved in putting together a \$2bn debt rescheduling and loan package for Yugoslavia are cautiously optimistic that progress can soon be made.

The guarded optimism follows Belgrade's latest reply to the package proposed by a 15-bank co-ordinating committee.

Although Yugoslavia is continuing to raise objections to the terms of the deal, the co-ordinating committee is expected to meet in London by Friday and to hold a further negotiating session with a Yugoslav delegation within the next 10 days.

Belgrade would clearly like to obtain more attractive terms than those contained in the five-year package, which calls for interest to be paid at a rate of 1 1/2 per cent over the London Interbank Offered Rate (Libor) or 1 1/4 per cent over the U.S. prime.

The Yugoslav government is also concerned at the constitutionality of raising funds in the name of the Federal Republic. But bankers involved in the talks say they now see scope for compromise and hope that a basis for agreement may be reached by next week.

World Weather

Area	Temp	Wind	Cloud	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	15	15	15	15	15	15	15	15	15
Bombay	22	22	22	22	22	22	22	22	22
Buenos Aires	18	18	18	18	18	18	18	18	18
Calcutta	25	25	25	25	25	25	25	25	25
Canton	20	20	20	20	20	20	20	20	20
Cebu	28	28	28	28	28	28	28	28	28
Colon	25	25	25	25	25	25	25	25	25
Hankow	20	20	20	20	20	20	20	20	20
Hong Kong	25	25	25	25	25	25	25	25	25
Kobe	15	15	15	15	15	15	15	15	15
London	12	12	12	12	12	12	12	12	12
Lyons	10	10	10	10	10	10	10	10	10
Manila	28	28	28	28	28	28	28	28	28
Medan	25	25	25	25	25	25	25	25	25
Osaka	15	15	15	15	15	15	15	15	15
Paris	10	10	10	10	10	10	10	10	10
Perth	18	18	18	18	18	18	18	18	18
Port of Spain	25	25	25	25	25	25	25	25	25
Rangoon	28	28	28	28	28	28	28	28	28
San Francisco	15	15	15	15	15	15	15	15	15
Singapore	28	28	28	28	28	28	28	28	28
Sourabaya	25	25	25	25	25	25	25	25	25
Tokyo	15	15	15	15	15	15	15	15	15
Yokohama	15	15	15	15	15	15	15	15	15

Readings at midday yesterday.
C-Century D-Degrees F-Fahrenheit H-Hall H-Hall S-Sun S-Sun S-Sun S-Sun S-Sun S-Sun S-Sun S-Sun S-Sun



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INTERNATIONAL COMPANIES and FINANCE

Leaving Hong Kong for the 8.15am to the City

BY ROBERT COTTRELL IN HONG KONG

HONG KONG bankers can hardly believe it. Some are still hoping for a change of heart. But Mr Nicholas Sibley, bon vivant, raconteur and merchant banker, is adamant that at the end of next month, he will swap the Peak for Paddocks Wood, leaving the managing director's chair at Jardine Fleming (JF) for an as yet unspecified job at Robert Fleming. JF's parent in the City of London.

During his 11 years in the colony Mr Sibley has virtually invented corporate finance Hong Kong-style, and slugged out epic take-over battles which determined the balance of power between Hong Kong's largest corporations. Some bankers think the thrill is gone, and that after the frenzy of the last five years, the collapse of the property boom is putting a damper on the corporate sector, and that perhaps Mr Sibley is moving for fear of getting bored or going stale.

Mr Sibley says, however, that the excitement is still there. He points to January's HK\$4bn (US\$600m) syndication, Hong Kong's largest-ever commercial credit, arranged by JF for the Hongkong Land Company, as evidence that there is still good business to be done even in relatively quiet times.

He also points to the presence of a natural successor within JF. Mr Alan Smith, Mr Sibley hired Mr Smith just before coming out to Hong Kong. The two have worked closely together since, and not just on corporate finance. Their "downy" chorus is rated a dazzling back-up to the rock 'n' roll medleys sung by JF's chief dealer, Mr Allan Murray—notably at JF's last office party.

when a black-janed Mr Murray burst out of a paper cake to serenade chairman Mr David Newbigging with a rendition of "Sweet Little Sixteen."

So what are the reasons for the move? "Galloping old age," says Mr Sibley, who is 45. "This type of merchant banking needs people who are light on their feet—and at 17 stone, I am rather past it."

Mr Sibley seems to enjoy just about everything, including jokes about his girth. Hong Kong's incestuous society lends itself easily to squabbles and vendettas, but Mr Sibley seems to be liked by just about everybody. Fellow bankers, some of whom have fought tooth-and-nail with JF in power struggles which seemed at times to outsiders to be on the verge of physical violence, say he is not only the best merchant banker in the Colony, but also very good company.

Occasional radio appearances have made Mr Sibley well-known outside financial circles. According to one cherished anecdote, a key JF board meeting was delayed to enable him to record a local version of "Desert Island Discs."

Another story holds that when he appeared on a high-minded talk show, whose host, referring to a local development project, said the subject for discussion would be "one of Hong Kong's largest white elephants," Mr Sibley interrupted, saying: "I did not come here to be insulted."

"But the roly-poly exterior," as one banker cautions, "camouflages a very, very shrewd mind." Mr Sibley, who was promoted managing director of JF in 1978, was to play a crucial role in the power struggle between the traditional British-managed Hong Kong companies grouped around JF, usually called the "Hongs," and a generation of Chinese tycoons whose ascension, particularly during the property boom of 1978-81, brought with it the wealth and power to mount an effective challenge to their more staid rivals.

Jardine Matheson in the mid-1970s was a sprawling conglomerate where management time was absorbed in a myriad of peripheral problems while the potential of the home base was neglected. JF had two important property affiliates, Hongkong Land Company and Hongkong and Kowloon Wharf. The boards of both companies were chaired ex-officio by the chairman of JF, but JF did not have equity control. In a property boom, the attractions of both would be immeasurable.

Mr Sibley is credited with seeing the potential threat to Wharf in 1976, but he failed to sell to JF the idea of a cash offer to secure ownership. Four years later, shipping magnate Sir Y. K. Pao clinched an 18-month stalking of Wharf with a partial bid bringing him undisputed control.

The Jardines-Land camp had belatedly strengthened its Wharf holding, and sold it into the Pao offer at HK\$1.3bn profit for the Hongkong Land Company in 1980.

More importantly the struggle over Wharf had left Mr Sibley's



The Peak and the financial district—which merchant banker Mr Nicholas Sibley is leaving after 11 years

corporate back uncovered. The Pao offer for Wharf came two days after, and was HK\$5 higher than the Hongkong Land offer.

Mr Sibley says that, in his opponents' shoes, he might well have sold Pao's Wharf holding into the Land offer, and used the cash to make an assault on Jardine Matheson itself, a much juicier prize.

The Chinese magnates were interested in JF no doubt, but in the wake of Wharf came a hiatus which the Hongs used to form a mutual protection society. Between October 1980 and March 1981, through asset swaps and cash offers, JF upped its holding to 40 per cent of Land, while Land secured 40 per cent of JF.

Mr Sibley obviously enjoys his memories of those hectic years. "Down in the corporate finance department," he chuckles, "much devilment was being had." Another Wharf battle was still to come.

In November 1981, Sir Y. K.

News Corporation faces investigation into TNT holding

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S National Companies and Securities Commission is to hold a private hearing into share dealings in Thomas News Corporation (TNT), the country's biggest transport concern.

The hearing starts in Melbourne on April 19. It will investigate purchases of TNT shares by several companies associated or affiliated with TNT, as well as a block purchase by Mr Rupert Murdoch's News Corporation of an AS\$2m (US\$2.87) stake (equivalent to 8.2 per cent of TNT's capital) from Mr Rupert Holmes & Co's Bell Group.

In part, the hearing will determine whether Mr Murdoch's association with other companies or individuals, has an interest in more than 20 per cent of TNT.

Under the Australian take-over code, such a holding would normally have triggered a full takeover offer by News Corporation and its associates for the whole of TNT.

Those expected to appear at the hearing include Mr Murdoch (News Corporation's chief executive), Mr Robert Holmes & Co's Bell Group's chief executive, and Sir Peter Abeles (managing director of TNT).

However, Mr Holmes & Co is also due to appear before the High Court in London at approximately the same time, in connection with matters relating to Bell Group's UK subsidiary, Associated Communications Corporation.

Apart from the block of TNT shares purchased from Bell Group, News Corporation owns

49.85 per cent of Ansett Transport Industries, the domestic airline, as does TNT. In turn, Ansett owns 8.8 per cent of TNT.

In addition, associates and affiliates of TNT hold 14.5 per cent of TNT's shares.

The commission will seek to resolve the true degree of association between News Corporation and TNT.

There was a major reordering of TNT's share register last autumn, when associated companies of TNT revealed the full extent of their defensive holdings in the company.

Revelation of the full strength of their position is thought to have been the major reason why Mr Holmes & Co's Bell group, which had acquired almost 10 per cent of TNT over a long period, decided to quit the field and sell his holding to Mr Murdoch.

The commission said it would examine acquisitions of TNT shares that occurred between September 1, 1981, and October 5, 1982.

Following the April 19 hearing, the commission may decide to pursue the matter through the disposal of some TNT shares held by its associates.

Last October, when News announced its purchase of TNT shares from Bell group, there was short-lived speculation that a full-blooded bid might be mounted by News for TNT, but this subsequently subsided.

This week, TNT revealed a 37.4 per cent slump in net profit for the six months to December 31, to AS\$2.4m

Gulf Riyadh Bank profits decline

BY MARY FRINGS IN BAHRAIN

GULF RIYADH BANK, the fourth largest locally-incorporated Bahraini OBU in terms of assets, has reported a 9 per cent fall in profits for 1982, and only marginal growth in the size of its balance sheet.

The bank was established in 1978 as a 60-40 joint venture between Riyadh Bank and Credit Lyonnais.

A prime factor in the fall in profit from \$3.2m to \$4.7m was a decrease in money market activity. The bank became wary of the risk of being unable to refinance itself, in the game of borrowing short and lending long. Although lower interest rates also had some effect, Mr Jacques Bellut, the general manager, said their impact would be much greater in 1983.

The directors have decided not to make the usual 5 per cent dividend payment, but to transfer the whole of the profit to reserves.

Gulf Riyadh entered 1982

with total assets (excluding contra items) of \$1,238m supported by capital and reserves of only \$9.5m, although a SR 85m (\$24.7m) subordinated loan brought this figure to \$42m, conscious that the gearing ratio was too high, the shareholders increased the paid-up capital in June from \$8m to \$20m (half by the injection of new funds and half by capitalisation of reserves).

The reduction in interbank business held assets to \$1,243m, bringing the gearing closer to the 20-1 ratio sought by the Bahrain Monetary Agency from banks under its jurisdiction.

On the asset side, the balance sheet an increase in the loan portfolio from \$402m to \$474m, of which almost 80 per cent represented medium-term lending and 6 per cent long-term.

Gulf Riyadh Bank's exposure is principally to Arab countries (39 per cent) and Europe (39

per cent), with 11 per cent to the Americas (including Latin America), 10 per cent to Asia and 1 per cent to Africa.

Bahrain Islamic Bank has reported net earnings of \$d 1.6m (\$4.8m) for the Moslem year ending in October 1982, an increase of 165 per cent over the previous financial year. The directors have proposed the distribution of a 12 per cent dividend to shareholders. Total assets (including contra items) rose 65 per cent to \$d 28.7m, and advances against letters of credit and profit-sharing contracts (Murabahah) were up 81 per cent at \$d 14.8m. Customer deposits, current and savings accounts rose 151 per cent in \$d 17.3m.

The bank was established as a public shareholding company three years ago with support from Government bodies and Islamic financial institutions in Kuwait, Saudi Arabia and the UAE.

KPC files countersuit against Getty Oil

BAHRAIN—Kuwait Petroleum Corporation (KPC) has filed a countersuit in the U.S. district court in New York against Getty Oil to recover oil worth at least \$250m according to the Kuwait News Agency.

It stems from a dispute involving oil production in the neutral zone between Kuwait and Saudi Arabia.

The suit, in the form of an answer and counterclaim to an earlier complaint filed by Getty on January 19, was submitted through negotiations between KPC, subsidiary companies and the State of Kuwait.

KPC says the litigation arose after protracted negotiations over reimbursement by Getty for crude oil which it took from the neutral zone in excess of its entitlement.

KPC said it was surprised by and regretted Getty's initiation of a suit because before the filing Getty acknowledged to KPC that it had taken more than its share of crude from the zone.

Getty had offered to pay Kuwait to eliminate the debt rather than return the oil, and although Kuwait considered the offer inadequate it had sought a fair settlement through negotiations.

KPC, in its counterclaim, denies the Getty complaint and seeks to recover about 7.5m barrels of crude from Getty, alleging this is the amount taken in excess of entitlement.

As an alternative, the Kuwait parties seek to recover the value of the oil at the time of the alleged repudiation of the Kuwait-Getty agreement. According to Kuwait it was then worth at least \$250m.

Reuters

Chubb buys stake in FFE

SYDNEY—Chubb Australia said it bought a 9.89 per cent stake in Fire Fighting Enterprises (FFE) yesterday.

In a brief pro forma statement to the Sydney Stock Exchange, Chubb said it acquired 82,969 FFE shares at AS\$2.90 each.

This is 35 cents above the price contained in a takeover offer for FFE by James Hardie Industries.

Chubb said it held no FFE shares previously.

Reuters

Keppel Shipyard slightly ahead

By George Lee in Singapore

KEPPEL SHIPYARD, the partly Singapore Government owned shipbuilding and repairing group, has reported a slight improvement in earnings for 1982.

Group pre-tax profit rose by 4.7 per cent to \$8160.6m (US\$177m) while net profits went up by 2 per cent to \$8101.2m.

Intracore, the partly Singapore Government owned trading company, has proposed a bonus issue of one share for every four shares held which will raise its issued capital from \$40m to \$850m.

The proposed issue comes together with the disclosure of the group's result for 1982. Despite a 30 per cent rise in sales to \$249m, group pre-tax profit was merely 1.5 per cent higher at \$811.3m. Net profits rose by 2.5 per cent to \$86.6m.

Abu Dhabi softens royalty demands on foreign banks

ABU DHABI—Abu Dhabi said the December circular merely reminded banks of a long-established requirement on them.

The latest circular, backdating the royalty only to 1982, follows consultations between individual banks and the central bank and finance ministry.

Reuters

The United Arab Emirates is considering nationalising a number of foreign banks, according to Mr Abdul Malik Al Hamar, director of the Central Bank.

He said the aim was "to gradually integrate" the foreign banks, whose activities, along with other banks in the country, were being monitored reports the Opecra News Service.

Genting drops casinos venture

BY WONG SULONG IN KUALA LUMPUR

GENTING, the Malaysian casino, hotel and plantation group, has announced its withdrawal from two proposed casinos in Queensland, Australia. Total investment of U.S.\$200m by all involved in the Australian scheme had been planned.

The company, in a one-paragraph statement to the Kuala Lumpur stock exchange, did not cite any reasons for the withdrawal. In his statement, Tan Sri Lim Goh Tong, the Genting chairman, said "carefully reviewing the path of negotiations" and "the stand of the Queensland Government and Treasury on a series of issues."

Genting has decided to pull out. This sudden change came as a complete surprise as only two weeks ago, Mr Bjelke-Petersen, the Queensland Premier leading an investment mission, had been entertained and briefed on the Genting Highlands Casino operations.

Mr Petersen said he was impressed with the Genting Highlands Casino and added that the Queensland government would introduce franchise legislation in parliament this month to allow the construction of the

two casinos to proceed. There is some speculation that the Genting announcement on its pull-out was a ploy to extract better franchise terms from the Queensland government, but this could not be confirmed.

Genting has a 40 per cent stake in a company called World Resorts which is partner in the Breakwater Island Resort Consortium to operate the proposed casino at Townsville, and with the Jupiter Consortium to operate the casino at Surfers Paradise on the Gold Coast.

Genting won the partnership to build and operate the two casinos after beating intense competition from various Australian, Hong Kong and American groups.

Malaysian Airline System (MAS), the Malaysian National Carrier, is expected to incur a much smaller loss for the financial year ending this month compared with a net loss of 39m ringgit (US\$17m) recorded last year.

Mr Abdul Aziz Rahman, MAS managing director, did not give an estimate of the loss, but

said the smaller loss was the result of cost saving measures undertaken, as well as the weakening of the U.S. dollar and low interest charges.

Mr Aziz said the airline had instituted strict monitoring on fuel consumption, resulting in considerable savings. Fuel represented the biggest operational cost, taking up 30 per cent or 309m ringgit in expenditure last year.

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INTL. COMPANIES & FINANCE

Problem foreign loans focus scrutiny on bank profits

BY ALAN FRIEDMAN, BANKING CORRESPONDENT

THE 1982 results from major banks in the U.S., Europe and Japan are likely to be the most closely scrutinized profit figures in a decade. Government authorities, bank regulators, politicians, shareholders and stockbrokers' analysts are only some of the people who will be paying attention to the performance of the world's banks in what is widely regarded as the most difficult period for international banking since the oil-shock days of 1973-74.

Not all the figures are in yet, but the major U.S. and British banks have reported and there are indications already of how Japanese institutions are expected to cope with huge loan exposures to debt-ridden Third World countries.

Nonetheless, even the banking world's cognoscenti are acknowledging difficulty in drawing general conclusions about how the banks have performed, whether they have made adequate provisions and how much more trouble is still to come.

The problems facing analysts include varying accounting practices, differing policies on the treatment of problem debt and a general reluctance on the part of banks to reveal very much about the true state of their affairs.

One or two things can be said about the trend in the U.S. and Britain: loan loss provisions are up significantly and pre-tax profits have generally declined—but not by as much as one might have expected in the wake of world recession and the Latin American and Eastern European debt crises.

Banks have unveiled a panoply of statistics about their problem debt exposure, describing it either as a percentage of their total assets or of their total outstanding loans. These comparative figures are useful, but they are not as good a guide perhaps, as a comparison of a bank's dubious loan exposure

and its total group equity capital and reserves. Midland Bank, for example, has said that its loan exposure in five Latin American countries represents 7.8 per cent of its £48bn of total assets. On this basis, however, the same bank's problem debt exposure represents more than twice (23.1 per cent) its group equity base of £15.6bn.

In the U.S., where the problem loan exposures of major institutions may well

ever, claims the nation's 10 largest bank holding companies had investments amounting to 169 per cent of their shareholders' equity in problem-plagued countries. In addition, it argues that three of these banks—Citicorp, Chase Manhattan and Manufacturers Hanover—had amounts that total more than twice their equity outstanding to countries facing liquidity problems.

In the UK and other countries the disclosure requirements are

The debt problems into which Third World countries have run have caused headaches for major international banks, in particular in the questions of reserve provisions and profits.

dwarf the Midland figures, the banks have been even more reticent. The U.S. Securities and Exchange Commission has been refining its rules on disclosure, and the agency's Staff Accounting Bulletin 49A calls on the banks to disclose and discuss exposures which represent more than 1 per cent of total outstanding (loans and other assets). The rule (49A) also requires continuing disclosures of material developments affecting the loans.

Despite these SEC guidelines, U.S. banks are managing to shy away from disclosing the most relevant statistical comparisons. By extrapolating from the bank's disclosures it is possible, however, to estimate that the potential problem exposure of Citicorp, America's largest bank in terms of assets (\$130bn) represents 204 per cent of its group equity base of \$4.8bn.

Defining what are actually "problem loans", however, can be more of an art than a science. The banks may be right when they downplay the ultimate damage potential of such exposure. The American Banker, how-

is regarded as the most conservative of the German banks by some, having made over DM 1bn in 1981 provision largely as a result of Polish exposure.

When it comes to profitability, widened margins (resulting from declining interest rates) and fee-earning income can improve the figures of many banks around the world, as can earnings from securities trading.

In the UK, Barclays Bank and Midland Bank include a total of £100m of profits on Government securities (gilts) in their 1982 group pre-tax profits. By bringing in these, rather exceptional, realised profits, the two banks have mitigated the impact of bad debt provisions and world recession on group earnings.

Mr David Andrews, a director of the highly-regarded IBCA Banking Analysis group, sums up his view bluntly: "Until recently, the criticism was that banks understated their profits. But now I think they are overstating profits."

Why? Mr Andrews feels that "if the banks made anything like what common sense would dictate as an adequate provision, it could write out their profits."

Mr Andrews, as well as some senior bankers, is of the opinion that a comparison of problem loans to total assets is misleading. "If the banks' exposure net of their current provisions goes wrong and has to be written off, all it can be written off against is equity."

Mr Charles Green, Natwest's general manager for financial control, is as adamant as any banker that his bank's provisions are adequate. He says the bank's equity base "is there to protect against any unexpected shocks."

Mr Willard Butcher, chairman of Chase Manhattan, took "grave exception" to a suggestion recently that his bank had not made enough provisions on its Mexican loan exposure. But many analysts feel the U.S. banks are not being prudent enough.

One senior banker lately catalogued some of the reasons why U.S. banks are unwilling to make heavier provisions: "they live in the hope that these sovereign debts will come right in the end, they don't want to be seen writing too much off in case it sends the wrong political signals to debtors, and to a lesser extent they want to please shareholders with dividends."

Several bankers argue privately that all banks, even the strongest, should forgo their 1982 dividend payments, if only as a symbolic gesture. Others, like Mr Andrews of IBCA, go further still and pronounce that "prudence is supposed to be one of the watchwords of the banking industry. It doesn't seem as though they are being prudent now."

SOME FIGURES DRAWN TOGETHER

	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
	Pre-tax profit	Pre-tax profit	Total assets	Total assets	Group equity	Group equity	Bad debt reserve	Bad debt reserve	Problem exposures overseas	Problem exposures overseas
	\$m	\$m	\$bn	\$bn	\$bn	\$bn	\$m	\$m	\$bn	\$bn
Citicorp	1,308	855	130	130	4.8	4.8	680	680	9.8	7.5
Bank America	545	648	123	123	5.4	5.4	670	670	4.8	5.4
Chase Manhattan	385	642	81	81	3.2	3.2	558	558	5.8	7.1

	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
	Pre-tax profit	Pre-tax profit	Total assets	Total assets	Group equity	Group equity	Bad debt reserve	Bad debt reserve	Problem exposures overseas	Problem exposures overseas
	\$m	\$m	\$bn	\$bn	\$bn	\$bn	\$m	\$m	\$bn	\$bn
Barclays	495	567	59	59	3.0	3.0	749	749	n.a.	n.a.
NatWest	439	894	54.5	54.5	2.55	2.55	508	508	2.2	4
Midland	251	232	48	48	1.54	1.54	484	484	3.4-3.8	7-8
Lloyds	318	386	34.5	34.5	1.95	1.95	413	413	n.a.	n.a.

* Estimates drawn from such statements as the banks have made on their exposure, and not necessarily equalling the total exposure of each bank. The individual bases for the figures are as follows: Citicorp has said its exposure to Argentina, Brazil, Mexico and Venezuela totals roughly 9 per cent of its total \$100bn loans outstanding; Bank America has disclosed \$2.5bn of Mexican loans, \$2.5bn of Brazilian and \$700m of Venezuelan; Chase has disclosed \$1.5bn of Argentine loans, \$1.5bn of Mexican and \$700m of Venezuelan; NatWest has said that problem loans amounted to less than 4 per cent of total assets of £54.5bn; Midland has said its exposure to Argentina, Brazil, Chile, Mexico and Venezuela totals 7.8 per cent of its £48bn of assets.

† Lloyds has said only that 10 per cent of its £34.5bn of assets is in Latin America (excluding Mexico).

U.S. \$75,000,000



Girozentrale und Bank
der österreichischen Sparkassen
Aktiengesellschaft
(Incorporated in the Republic of Austria with limited liability)

Floating Rate Subordinated Notes Due 1991

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 23rd March, 1983 to 23rd June, 1983 the Notes will carry an interest rate of 9 1/4% per annum and the Coupon Amount per U.S. \$1,000 will be U.S. \$25.40.

Credit Suisse First Boston Limited
Agent Bank

SCOTLAND INTERNATIONAL FINANCE B.V.

US\$100,000,000

Guaranteed Floating Rate Notes 1992
For the six months from 23rd March 1983 to 22nd September 1983 inclusive the Notes will carry an interest rate of 9 1/4% per annum.

The relevant interest payment date will be 23rd September 1983. Coupon 4 will be for U.S. \$253.96.

Agent Bank
Barclays Bank PLC
Securities Services Department
94 Lombard Street
London EC3P 3AH

INVEST IN 50,000 BETTER TOMORROWS!

50,000 people in the United Kingdom suffer from progressively paralyzing MULTIPLE SCLEROSIS—the cause and cure of which are still unknown —HELP US BRING THEM RELIEF AND HOPE.

Please help—Send a donation today to:
Room F.1
The Multiple Sclerosis Society of G.B. and N.I.
286 Munster Road
Fulham, London SW6 6BE

All these Bonds have been sold. This announcement appears as a matter of record only.

New Issue

March 1983



European Investment Bank

ECU 60,000,000
11 3/4 per cent. Bonds due 1991

Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V.

Amro International Limited
Kredietbank International Group

Banque Nationale de Paris
Société Générale de Banque S.A.

Algemene Bank Nederland N.V.
Banque Internationale à Luxembourg S.A.

Banque Générale du Luxembourg S.A.
Caisse des Dépôts et Consignations

Crédit Commercial de France
Deutsche Bank Aktiengesellschaft

Crédit Lyonnais
Istituto Bancario San Paolo di Torino

Société Générale

S.G. Warburg & Co. Ltd.

Banca Commerciale Italiana	Banca del Gottardo	Banca Nazionale del Lavoro	Banco di Roma	Bank/Banque Ippa
Bank of America International	Bank Gutwiler, Kurz, Bungeiser (Overseas) Limited	Bank Mees & Hope NV	Bankverein Bremen AG	
Banque du Benelux S.A.	Banque Bruxelles Lambert (Suisse) S.A.	Banque Crédit Commercial	Banque Française du Commerce Extérieur	
Banque Indosuez	Banque Louis-Dreyfus	Banque Nagelmackers	Banque Nationale de Paris (Luxembourg) S.A.	
Banque Paribas	Banque de Paris et des Pays-Bas Belgique S.A.	Banque de l'Union Européenne	Banque Worms	
Bayerische Hypothek- und Wechsel-Bank Aktiengesellschaft	Bayerische Vereinsbank Aktiengesellschaft	Berliner Handels- und Frankfurter Bank	CIBC Limited	
Caisse d'Epargne de l'Etat-Luxembourg	Chase Manhattan Capital Markets Group	Commerzbank Aktiengesellschaft	Comptoir d'Escompte de Belgique NV	
Citibank Capital Markets Group	Commerzbank Aktiengesellschaft	Comptoir d'Escompte de Belgique NV	Crédit Commercial de France	
Creditanstalt Bankverein	Crédit Commercial de Belgique S.A./Gemeentekrediet van België NV	Crédit Industriel et Commercial	Crédit du Nord	
Credit Général S.A. de Banque	Crédit Industriel d'Alsace et de Lorraine	Crédit Industriel et Commercial	Crédit du Nord	
Credito Italiano	Crédit Suisse First Boston Limited	Daisho Europe Limited	Den norske Creditbank (Luxembourg) S.A.	
Dominion Securities Amos Limited	Dresdner Bank Aktiengesellschaft	Enskilda Securities	Die Erste Österreichische Spar-Casse	
Financière Dewaey S.A.	Gesellschaftliche Zentralbank AG-Vienna	Goldman Sachs International Corp.	Göteborgs Bank	
Hambros Bank Limited	Kleinwort, Benson Limited	Kredietbank N.V.	E van Lanschot Bankiers N.V.	
Lehman Brothers Kuhn Loeb International, Inc.	Lloyds Bank International Limited	Lloyds Bank International Limited	LITCB International Limited	
Merrill Lynch International & Co.	Mitsubishi Bank (Europe) S.A.	Morgan Guaranty Ltd	Morgan Stanley International	
Nederlandsche Middenstandsbank N.V.	Nederlandsche Credietbank NV	The Nikko Securities Co., (Europe) Ltd.	Nippon European Bank S.A.	
Nomura International Limited	Orion Royal Bank Limited	Peterbroeck, Van Campenhout & Cie S.C.S.	Pierson, Helderling & Pierson N.V.	
Privatbanken A/S	Rabobank Nederland	Salomon Brothers International	Société Européenne de Banque S.A.	
Société Générale Alsacienne de Banque	Société Séquanaise de Banque	Svenska Handelsbanken Group	Swiss Bank Corporation International Limited	
Union Bank of Finland Ltd.	Union Bank of Norway Ltd.	United Overseas Bank (Luxembourg) S.A.	Vereins- und Westbank Aktiengesellschaft	
Westdeutsche Landesbank Girozentrale	Wood Gundy Limited		Yamaichi International (Europe) Limited	

15th APRIL 1983 REDEMPTION

TRUST HOUSES GROUP FINANCE N.V.

U.S. \$18,000,000 7 1/4% Loan 1985

REDEMPTION OF BONDS

Trust Houses Group Finance N.V. announces that for the redemption period ending on 15th April 1983 it has purchased and cancelled bonds of the above Loan for U.S.\$81,000 nominal capital and tendered them to the Trustee.

The nominal amount of bonds to be drawn for redemption at par on 15th April 1983 to satisfy the Company's current redemption obligation is accordingly U.S.\$409,000 and the nominal amount of this Loan remaining outstanding after 15th April 1983 will be U.S.\$2,000,000.

DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above Loan took place on 8th March 1983 attended by Mr. Keith Francis Croft, Baker of the firm of John Venn & Sons, Notary Public, when 400 bonds for a total of U.S.\$409,000 nominal capital were drawn for redemption at par on 15th April 1983, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

238	240	564	691	724	726	727	730	733	804	895	898	901	903	906	907	908	912	1032	1208
1239	1291	1294	1301	1305	1309	1310	1313	1333	1335	1527	1532	1535	1554	1555	1580	1806	1820	1922	2242
2356	2359	2361	2370	2373	2375	2568	2572	2579	2580	2583	2591	2596	2602	2608	2626	2638	2639	2641	2644
2645	2646	2654	2660	2761	3198	3352	3357	3364	3376	3377	3381	3383	3385	3387	3391	3397	3465	3510	3654
3664	3838	3840	3978	4101	4102	4127	4215	4219	4255	5334	5336	5345	5405	5424	5556	5587	5869	5870	5997
6071	6073	6106	6108	6171	6248	6288	6289	6336	6713	7317	7505	7795	7877	7919	7985	8018	8019	8020	8021
8034	8100	8404	8669	8697	8864	9497	9811	9814	9822	9825	9829	9845	9849	9850	9855	9863	9929	9945	9949
9952	9969	9974	9976	10088	10100	10104	10623	10630	10727	10840	10958	10962	11057	11822	11902	11909	11922	12228	12229
12237	12252	12326	12327	12742	12745	12888	12994	13743	13746	13752	14159	14175	14177	14182	14183	14186	14188	14192	14199
14201	14259	14262	14376	14491	14502	15185	15524	15527	15533	15541	15551	15554	15559	15611	15641	15642	15706	15707	15710
15711	15728	15751	15753	15755	15774	15793	15802	15806	15807	15843	15847	15853	15866	15873	15877	15888	15896	15916	15937
15963	15965	15972	15983	15985	15992	15995	15998	16105	16106	16108	16110	16115	16116	16119	16198	16208	16212	16217	16223
16229	16246	16248	16256	16260	16262	16265	16274	16281	16286	16291	16296	16298	16310	16313	16327	16332	16348	16356	16358
16359	16363	16374	16378	16393	16402	16405	16410	16433	16437	16438	16443	16445	16447	16450	16453	16457	16458	16470	16594
16597	16608	16609	16610	16625	16626	16647	16662	16666	16688	16720	16725	16731	16732	16734	16738	16745	16761	16762	16766
16820	16823	16913	16915	16920	16924	16927	16932	16935	16938	16941	16974	16985	16992	16993	16994	16995	16996	16999	17000
17033	17075	17076	17077	17083	17084	17087	17091	17095	17122	17144	17145	17146	17162	17163	17186	17188	17192	17193	17201
17203	17211	17219	17220	17248	17251	17253	17415	17425	17433	17441	17443	17456	17457	17576	17580	17594	17621	17622	17631
17635	17640	17646	17652	17653	17660	17661	17665	17678	17681	17687	17691	17700	17701	17703	17714	17731	17732	17749	17750
17761	17764	17797	17868	17871	17873	17874	17875	17887	17893	17896	17905	17918	17928	17929	17931	17936	17942	17945	17947
17954	17958	17961	17963	17971	17972	17973	17975	17979											

Witness: K. F. C. Baker, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 15th April 1983 at the offices of the paying agents named on the coupons in the manner specified in Condition 6 of the Terms and Conditions of the Loan printed on the bonds. Each of these bonds when presented for redemption must bear the coupon dated 15th April 1984 and subsequent coupon, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N. M. Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU.

23rd March 1983

Base Rate Change

BANK OF BARODA

Bank of Baroda announce that, for balances in their books on and after 23rd March, 1983 and until further notice their Base Rate for lending is 10 1/2% per annum. The deposit rate on all monies subject to seven days' notice of withdrawal is 7 1/2% per annum.

U.S. \$150,000,000

Chemical New York N.V.

Guaranteed Floating Rate
Subordinated Notes Due 1994

Guaranteed on a subordinated basis
as to payment of principal and interest by

Chemical New York Corporation

In accordance with the provisions of the Notes, notice is hereby given that for the three month interest period from 23rd March, 1983 to 23rd June, 1983 the Notes will carry an interest rate of 9 1/4% per annum. The relevant interest payment date will be 23rd June, 1983 and the Coupon Amount per U.S. \$10,000 will be U.S. \$253.36.

BIDS AND DEALS

Cadbury's £23.8m joint bid W'hampton & Dudley
for Australian confectioner ups offer to £23.5m

BY CHARLES BATCHELOR

Cadbury Schweppes, the confectionery, soft drinks and groceries group, plans a major expansion of its Australian operations with a joint £23.8m (£23.8m) bid for Allen's Confectionery, the largest non-chocolate sweet-maker in Australia.

Cadbury Schweppes Australia, which is 65 per cent owned by the British group, and Nelson Tobacco Company, a privately-owned Australian group, have joined together to make an offer. Cadbury Australia will take on Allen's manufacturing operations while Nelson is interested in the distribution side.

Allen accounts for more than one-third of the sugar confectionery market in Australia which it supplies from factories

in South Melbourne, Brunswick and Broad Meadows, all in Victoria, and a smaller plant in Sydney, New South Wales. Allen made a net profit of about £4.4m (£2.3m) on turnover of £58.8m (£57m) in the year ended June 30 1982. This compares with Cadbury's existing Australian operations which made a trading profit of £12.9m on turnover of £172.1m in the year ended December 31 1982.

The offer remains the same in the U.S. and Europe last year. The entire Australian sugar

confectionery industry increased sales 15 per cent by value last year and 3 per cent by volume. Cadbury Australia and Nelson together already own 11 per cent of Allen although how much is held by each was not disclosed. Cadbury Australia is offering £23.8m cash for each fully-paid share with a 21-for-10 share alternative. It will however issue no more than 2m of its own shares under the share option. The offer gives Allen's shareholders a 26 per cent premium over the £2.70 share price prevailing before Cadbury Australia and Nelson began buying shares, Cadbury said.

Wolverhampton & Dudley Breweries has improved its takeover bid for Birmingham-based Davenports Brewery, and is to proceed with a formal offer worth £28.5m for the company. A formal offer document is expected to be sent out next week. It provides for every five Davenports ordinary shares three Wolverhampton & Dudley shares and £2.25 cash, or 200p cash for each Davenports ordinary share. Wolverhampton & Dudley would finance the cash element through bank facilities.

Wolverhampton & Dudley already holds 9.5 per cent of the Davenports ordinary shares. An earlier bid worth £21m made on March 9 was rejected by the Davenports board on March 15. Davenports has said it prefers to remain an independent company.

Any decision on the take-over will depend in part on the attitude of the Baron Davenport

Charity Trust which holds 29.9 per cent of the equity.

The offer includes a cash price of 60p for each of the 200,000 issued preference shares and Davenports ordinary shares would qualify for Wolverhampton & Dudley's interim dividend to be declared in May.

The offer will be handled by N. M. Rothschild. It is worth 31 times earnings per share.

The Davenports board, announced later yesterday that it still considered the offer wholly unacceptable. The board continues to believe that there is a future for both companies to operate and expand independently and that this is in the best interests of shareholders, customers and employees.

Davenports strongly advises its shareholders to take no action in respect of any documents which they receive from Wolverhampton & Dudley.

MINING NEWS

Rustenburg first half ahead of expectations

BY GEORGE MILLING-STANLEY

THE past six months has seen a sharp turnaround in the fortunes of South Africa's Rustenburg Platinum Holdings, with operating results far better than the company had forecast.

As recently as the company's annual report in January 1982, Mr Gordon Waddell, chairman, predicted that operating profits for the six months to February 22 would be greater than the £32.5m (£30.3m) for the closing half of the year to end-August 1982, and might approach the £33.5m of the first half of that year.

In fact, operating profits for the period came out at £56.8m, more than double those for the immediately preceding six months and 25 per cent higher than for the corresponding period of the previous year.

Mr Waddell based his optimism at the time of the annual meeting on the higher palladium price, sharply reduced operating costs and increased of-

take of platinum under two of the company's long-term contracts. These factors have clearly had an even greater impact on the company's profitability than he anticipated.

The improvement did not carry through to the attributable level, as the higher operating profits combined with a reduction in capital expenditure to produce a sharply increased tax charge.

Attributable profits came out at £26.1m, down slightly from the £28.1m of the first half of the previous year.

Earnings per share were 20.6 cents against 22.4 cents, and the interim dividend is unchanged at 12.5 cents. Last year's final was 22.5 cents for a total of 35 cents.

Mr Waddell now expects "an additional improvement" for the full period, which will end two months earlier than last year on June 30 as a consequence of a change in the company's year-end. Earlier, he had forecast that

full-year operating profits would be comparable to last year's 1982-83, but this figure should now be comfortably exceeded.

Rustenburg's decision to drop the posted producer price system for platinum on January 14 in favour of a flexible approach allowing its prices to move more closely in line with the free market seems to have had no effect on the latest results.

This reinforces the belief that there was widespread discounting against the published price, which was maintained at \$478 an ounce from August 1980 in spite of a fall to below \$250 on the free market.

The other big South African platinum producer, Impala Platinum Mines in the Gecor group, is still adhering to the system of a national producer price.

Rustenburg shares gained 5p to 415p in front of the results yesterday, in line with the generally firmer tone among South African stocks.

Kwik-Fit amends Crest offer

BY RAY MAUGHAN

FACED with strong institutional opposition to its original all-equity bid for property group Crest International Securities, Kwik-Fit (Tyres & Exhausts) Holdings has amended the terms of the offer.

Proxies lodged before the extraordinary meeting convened to sanction the deal indicated that shareholders were likely to turn the proposals down, so Kwik-Fit is now preparing a one-for-10 scrip for its own shareholders.

The original proposals were defeated on a show of hands yesterday afternoon, and Kwik-Fit's proxy count suggested that about

11 per cent of the equity was in favour while holders of some 25 per cent of the shares were opposed. The results were, however, largely academic since Kwik-Fit had already recognised the depth of opposition and announced the scrip proposals. The offer remains the same in share exchange terms — Kwik-Fit is offering three of its shares for every 10 Crest shares — but the effect of the bonus payment is to cut the consideration by about 9 per cent to the point where, with Kwik-Fit at 45p, down 2p, yesterday, the bid was approximately 4.5p. Crest's stated net worth of £4.65m.

At the outset, Kwik-Fit was preparing to take a secondary property portfolio at a premium to net asset value, and a case committee of the National Association of Pension Funds was formed to muster institutional opposition. Several large holders, notably Ivory & Sims, abstained from yesterday's vote but later let it be known that they would be prepared to support the amended bid. The new terms are expected "within days" although a handful of large funds are still pressing for an independent valuation of Crest's portfolio and an up-to-date pro-forma balance sheet.

McCorquodale £5.7m expansion in Australia

McCorquodale, the specialist printing plant in Cheque Printers & Encoders of Highett, Victoria, a leading Australian security document printer, for £5.7m (£5.7m) cash.

Negotiations are at an advanced stage but the deal still requires the approval of the Reserve Bank of Australia and the Board and of the Reserve Bank. The UK company will only be acquiring a minority stake but hopes to run Cheque Printers on a day-to-day basis with the other major shareholder, Sands and McDougall, an unlisted Australian company.

Cheque Printers had net tangible assets of £55.63m at June 30 1982. It made a pre-tax profit

of £32.73m in the year ended on that date and an after-tax profit of £22.14m.

It has plants in Melbourne, Sydney, Brisbane and Adelaide and employs about 310 people.

The factory complex has known each other for some time and have co-operated in technical matters. McCorquodale chief executive Mr John Wood said: "He declined to disclose who was selling the shares which McCorquodale will be acquiring."

The UK group's only Australian operation is a small factory in Sydney producing colour cards for the paint and cosmetic industries and employing 40 people.

McCorquodale's shares rose 5p yesterday to 258p.

Ashton seeking £88m loan to finance Argyle diamond venture

AUSTRALIA'S Ashton Mining has put out a competitive tender to four banking groups for a fully-underwritten loan of £88m (£88m) to finance the Argyle diamond venture in the north-eastern part of Western Australia.

Tenders are to be submitted to Ashton Mining by March 31. Lead banks of the four groups are: Chase Manhattan Bank N.A., Continental Illinois, National Bank and Trust Company, Manufacturers Hanover Group and Toronto Dominion International.

Commercial production began at Argyle in January on a limited scale from the alluvial deposits which will provide about 5m carats a year. The major operation will be at the big AK1 diamond mine where production is expected to start in the second half of 1985 and build up to an annual rate of something approaching 25m carats.

Michael Thompson-Noel reports from Sydney that the loan now sought by Ashton Mining will provide finance for its share of the cost of developing the AK1 mine. He adds that the loan should be tied up in about six weeks.

The other partners in Argyle are the Rio Tinto-Zinc group's CRA with 56.8 per cent and the Bond Corporation group's Northern Minerals with 20 per cent. In a generally firmer Australian mining sharemarket yesterday Ashton Mining hardened to 69p.

Round-up

Anglo American Corporation has increased its holding in De Beers by 879,110 shares, raising the beneficial interest to 34.3 per cent from 34 per cent and has also increased its stake in Anglo American Industrial Corporation by a modest amount to 46.4 per cent. At the same time, De Beers has increased its holding in Anglo by 588,560 shares to 38.5 per cent.

The various shares have been purchased from Laxaf, one of two joint holding companies—to be separated—formed in 1985 by Anglo and the now nationalised Compagnie Financière de Paris et Pays Bas of France.

Faringa Mining and Exploration has now sent out the documents regarding the already announced rights issue of one-for-two at 75 cents, or 41p, per share applicable to holders on the register at March 16. The final share price and payment is April 14 and dealings in the new shares are expected to start on the following day.

Jessel Trust buys Saleway

The Jessel Trust has acquired the entire share capital of Saleway which has in turn purchased a sunbed manufacturing business under the brand name of Wakewood. The consideration for Saleway amounts to approximately £280,000 and has been financed by the issue of Jessel Trust shares, some of which have been placed with the new management.

The name of Saleway will be changed to Wakewood Sunbeds. The Jessel Trust has available a further 2.5m unissued ordinary shares which it proposes to issue to members in April, with full particulars will be supplied.

JOHN L. JACOBS SELLS PROPERTY

John L. Jacobs has sold 18 Great Western Road, London EC1 for £4.8m, with completion set for the end of this month. This will result in a gain on the sale of £2.8m before tax.

The immediate intention is to hold the proceeds on bank deposit and in short-term monetary instruments. Longer term, the company intends to continue to look for opportunities for reinvestment within its own business of shipowning. It was impossible to consult stockholders in advance as time

was of the essence, the directors explain.

KLEEN TECH INTL. Kleen Tech International, industrial cleaner, has acquired the cleaning interests of the Lister Group, Sheffield.

Later he developed special-ised techniques in video TV inspection equipment for pipe-line surveillance.

Mr Eddie Ashby, chairman of Kleen Tech, says his group turnover will grow from its current annual rate of £3.5m to £10m in three years. With Lister's interests (turnover £800,000) the group has strong base for its development programme.

LAW LAND SALE

Law Land has sold its freehold office investment in Antwerp, Belgium. This means that sales since the interim announcement of November 26 last total £7.02m, against a book value of £7.15m.

The annual gross rents attributable to those properties amounted to £810,000. Law Land is a subsidiary of Churchbury Estates.

SHARE STAKES

Shaw & Marlin-Buckland Securities has sold 214,000 ordinary shares and 100,000 remaining interest. Security

Finance Corp. sold 356,000 ordinary shares, reducing holding to 244,000 (6.3 per cent). David Scott acquired 570,000 ordinary shares (14.9 per cent of the capital).

Unigroup—Mr Harvey Michael Ross has reduced his holding by 25,000 shares to a total of 280,920 (6.32 per cent).

Second City Properties—C. H. Beazer (Holdings) has acquired through the market 50,000 ordinary at 73p and 250,000 at 74p.

Dominion & Co. Trust—London and Manchester Assurance Group interest is 1,372,209 shares following the purchase of a further 45,000.

Leeds Group—Robert D. Wade, director, has sold 3,000 shares in his own name and 4,000 ordinary shares in each of the E account and J account trusts. The disposal is 2.7 per cent of his holdings. The sale price was 196.5p. His holding is altered to 396,582 shares which is 6.4 per cent of the capital.

LYONS BANK—Results for 1982 interim known. Shareholders' funds £1,559m (£1,718m). Current deposit and other accounts £31,918 (£25,318m), loan capital £322m (£385m). Advances and other accounts £57,716 (£21,226m), cash and short-term funds £1,000m (£1,000m). Ex-dividend to former director £10,000. Meeting, 71 Lombard St., EC, on April 21 at 2 p.m.

Imperial selling Canadian leaf tobacco company

BY CHARLES BATCHELOR

Standard Commercial Tobacco Company, a major U.S. tobacco leaf dealer, is to acquire British Leaf Tobacco Company of Canada from Imperial Tobacco Co. for £25.5m (£25.5m) cash.

This sale will complete Imperial's reorganisation of its overseas leaf packaging and processing operations. Companies in Zimbabwe and Richmond, Virginia have been disposed of while its Malawi company has been restructured.

Growing competition in the leaf buying market and a desire to cut operating costs prompted Imperial Tobacco to scale down its activities, the company said.

Standard Commercial of Wilson, North Carolina, which claims to be the second largest tobacco leaf dealer in the world, was taken to establish a presence in Canada, where it was previously not represented, said Mr

Alec Murray, executive vice-president.

British Leaf has a processing factory at Chatham, Ontario. It made a net profit of \$1.5m last year on turnover of \$550m, and employs 10,000 people worldwide.

The sums are enormous even by sports sponsorship standards. In case anyone believes the jackpot is easily obtainable, however, it is worth saying that the last lucky to go through the "card was Sir Gordon Richards, in 1933.

Richards, notched 11 consecutive winners over October 4 and 5 before finishing unplaced in the final race of a two-day Chesham meeting.

Looking ahead to Newbury on Saturday 40 runners were declared at the four-day declaration stage for the Tote Credit Hurdle. The sponsors make Hurdle of October their 41 favourite for the race. They then bet 10-1 Butler's Pet and Master Carl, 12-1 Aaborn and Hollivood, and 14-1 Ambiance and Buckle.

RACING

BY DOMINIC WIGAN

THE Hartley Cooper Group, international life insurance brokers, has created a jackpot award to benefit both successful jockey and two racing charities. It will be presented to the first jockey to win every race on a six-race card or the first six races at any Saturday 40 runners were declared at the four-day declaration stage for the Tote Credit Hurdle. The sponsors make Hurdle of October their 41 favourite for the race. They then bet 10-1 Butler's Pet and Master Carl, 12-1 Aaborn and Hollivood, and 14-1 Ambiance and Buckle.

The first jockey to achieve this will receive a trophy designed by Garrard. It will incorporate the Hartley Cooper diamond, valued at £50,000. He will earn a further £50,000, to be divided equally between the Injured Jockeys Fund and the Apprentice Training School Charitable Fund.

A second prize will be offered to all jockeys riding the first five winners on a six-race, or larger, card in this year's campaign. This award will be a trophy valued at £12,500 and £12,500 cash to be divided between the two charities.

2.30—Co Member***

4.30—Lucky Yane

4.30—Tens Or Better

KELSO

2.45—Viscount*

3.15—Honourable Man**

Worcester

2.30—Co Member***

4.30—Lucky Yane

4.30—Tens Or Better

KELSO

2.45—Viscount*

3.15—Honourable Man**

Worcester

2.30—Co Member***

4.30—Lucky Yane

4.30—Tens Or Better

KELSO

2.45—Viscount*

3.15—Honourable Man**

Worcester

2.30—Co Member***

4.30—Lucky Yane

4.30—Tens Or Better

KELSO

2.45—Viscount*

3.15—Honourable Man**

Worcester

2.30—Co Member***

4.30—Lucky Yane

4.30—Tens Or Better

KELSO

2.45—Viscount*

3.15—Honourable Man**

Worcester

Rustenburg Platinum Holdings Limited

(Incorporated in the Republic of South Africa)

Consolidated Interim Report for the six months ended 28th February, 1983

CONSOLIDATED INCOME STATEMENT
The unaudited consolidated Income Statement for the six months to 28th February, 1983, together with comparable figures, is set out below:

	Six months to 28.2.83	Six months to 28.2.82	Twelve months to 31.8.82
	Rm	Rm	Rm
Operating profit before provisions	66.8	53.3	85.8
Provision for renewals and replacements	19.2	9.9	18.1
Profit before taxation	47.6	43.4	67.7
Tax on profits	20.2	11.4	22.2
Profit after taxation	27.4	32.0	45.5
Dividends	15.7	15.7	43.9
Transfer to/(from) reserves	11.7	16.3	(2.9)
Earnings per share (cents)	20.8	22.4	32.6
Dividends per share (cents)	12.5	12.5	35.0
Dividend cover	1.7	1.8	0.9

NOTES

- The net operating profit before provisions of R66.8 million for the six months to 28th February 1983 was 25.3 per cent above those earned in the comparable period last year. It is now higher than the net operating profit for the six months to 28th February 1982 which was R47.6 million. The net operating profit for the six months to 28th February 1983 was significantly higher than the net operating profit for the six months to 28th February 1982 which was R47.6 million.
- A lower level of capital expenditure has been forecast for the six months to 28th February 1983. Expenditure on mining assets for the six months to 28th February actually amounted to R20.2 million of which R14.2 million was charged to the renewals and replacements reserve as outgoing capital expenditure. However, a total of R20.2 million was credited to this reserve cover future expenditures required to maintain production.
- As a result of the increases in net operating profits and the lower capital expenditure, the liabilities for taxation and lease at R20.2 million were R18.5 million higher. The profit after taxation was consequently 7.1 per cent lower than in 1982.
- The anticipated additional improvement in results for the six months ending June 1983, compared to the forecast given in the supplementary profit statement at the annual general meeting on 14th January arose from the better prices which prevailed during the period particularly for platinum and palladium and to an increase in the volume of sales of rhodium.

For and on behalf of the Board
G. N. WADDELL, Director
D. W. MAUNSELL, Director

DECLARATION OF DIVIDEND
Dividend No. 35 of 12.5 cents per share, South African currency, has been declared payable to the registered holders of the shares of the Company at the close of business on 8th April, 1983. The conditions of payment, which can be obtained from the Company's Head Office or from the London Secretaries, provide inter alia that the dividend shall be converted to the United Kingdom currency at the rate of exchange quoted by the Company's Bankers on 10th April, 1983. South African Non-Resident Shareholders' Tax at the rate of 10 per cent and United Kingdom

Income Tax will be deducted where applicable. The Register of Members will be closed from 8th April, 1983 to 10th April, 1983, both days inclusive, and dividend warrants will be posted on 6th May, 1983.
By Order of the Board
JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY, LIMITED
Secretaries
per: M. P. Aulow

Head Office and Registered Office
Consolidated Building
Corner Fox and Harrison Streets
Johannesburg 001
P.O. Box 300, Johannesburg 000

London Secretaries
Mortons & Co. Limited
25 Bishopsgate
London EC2M 3JE

22nd March, 1983

BASE LENDING RATES

A.B.N. Bank	10 1/2%	Guinness Mahon	10 1/2%
All Ireland Bank	10 1/2%	Heritable & Gen. Trust	10 1/2%
Amro Bank	10 1/2%	Hill Samuel	10 1/2%
Bank of Ireland	10 1/2%	C. Hoare & Co.	10 1/2%
Bank of London	10 1/2%	Hongkong & Shanghai	10 1/2%
Bank of Montreal	10 1/2%	Kingsnorth Trust Ltd.	12 1/2%
Bank of New York	10 1/2%	Knowles & Co. Ltd.	11 1/2%
Bank of Paris	10 1/2%	Lloyds Bank	10 1/2%
Bank of Rome	10 1/2%	Malindi Limited	10 1/2%
Bank of Scotland	10 1/2%	Midland Bank	10 1/2%
Bank of Spain	10 1/2%	Morgan Grenfell	10 1/2%
Bank of Sweden	10 1/2%	National Westminster	10 1/2%
Bank of Switzerland	10 1/2%	Norwich & York	10 1/2%
Bank of the Netherlands	10 1/2%	P. S. Refson & Co.	10 1/2%
Bank of the United Kingdom	10 1/2%	Royal Trust Co. Canada	10 1/2%
Bank of the West	10 1/2%	Slavenburg's Bank	10 1/2%
Bank of the East	10 1/2%	Standard Chartered	10 1/2%
Bank of the South	10 1/2%	Trade Dev. Bank	10 1/2%
Bank of the North	10 1/2%	Trustee Savings Bank	10 1/2%
Bank of the West	10 1/2%	TCB	10 1/2%
Bank of the East	10 1/2%	Union Bank of India	10 1/2%
Bank of the South	10 1/2%	Volkswagen Int. Ltd.	10 1/2%
Bank of the North	10 1/2%	Westpac Banking Corp.	10 1/2%
Bank of the West	10 1/2%	Whiteaway Ltd.	11 1/2%
Bank of the East	10 1/2%	Williams & Glyn's	10 1/2%
Bank of the South	10 1/2%	Windsor Secs. Ltd.	10 1/2%
Bank of the North	10 1/2%	Yorkshire Bank	10 1/2%
Bank of the West	10 1/2%	Members of the Accepting House Committee:	</

NORTHERN ROCK PERFORMED WELL IN A COMPETITIVE YEAR



Mr. F. M. Osborn, CBE, DL, FCSI, FCBSI.

At the Annual General Meeting of Northern Rock Building Society held on 22nd March 1983, Chairman Fuller Osborn reported excellent progress in a year of fierce competition for both savings and mortgages. A performance which left the Society well poised to meet and surmount future challenge.

In his report, Mr. Osborn made the following points:
Assets: Assets at 31st December, 1982 exceeded £906 million, a solid increase of 15.85% over 1981.
Liquid Funds: Liquid funds at 31st December, 1982 amounted to over £176 million, representing 19.46% of total assets.
Reserves: Reserves increased to £38.2 million (4.22% of total assets), an excellent increase of 0.43% during 1982.
Advances: A record £186.9 million was advanced in 1982. One in ten borrowers took out further advances for home improvements.
Investments: 107,000 new accounts were opened in 1982, and gross investments increased to £486.485 million.

NR

NORTHERN ROCK BUILDING SOCIETY

People with your interest at heart.

A Member of the Building Societies Association.
Authorised for investment by Trustees. Assets exceed £906 million.
CHIEF OFFICE: Northern Rock House, P.O. Box No. 2, Gosforth, Newcastle upon Tyne NE3 4FL. Telephone 0632 857191.
Consult telephone directory for your local branch.

Memec lifts earnings and pays more

SECOND HALF profits of Memec (Meccory and Electronic Components) surged by £311,000 to £1.12m. This gives a total of £1.87m for the year 1982, against £1.57m in the previous period. The dividend is lifted from 3p to 3.3p net, with a final of 2.2p. The cost is £353,000.

Turnover advanced by £4.21m to £12.23m. After tax of £985,000 (£743,000), the net profit came out at £985,000 (£828,000). Earnings are shown at 9.15p (7.55p).

The group is engaged principally in the distribution of electronic components, micro-processor systems and related equipment.

comment
Almost all of Memec's 52 per cent increase in sales came from new product lines. The brightest performer in this respect was its Ambar subsidiary, whose sales more than doubled to £2.5m, with the addition of Matsushita to its Fujitsu franchise. However, overall trading margins tightened a point to 16.1 per cent on a pre-tax profit increase of 25.3 per cent. Although volume was up at Thame Components, that subsidiary's margins came under particular pressure from a decline in prices—by as much as half for some units—partly resulting from a build-up in the numbers of distributors in the market. But prices are firming again, and Microcell, a new components subsidiary, is busy securing contracts with new companies in the U.S. Microcell's contribution to the 1983 figures is not expected to be significant, but the benefits of Memec's recent staff recruitment drive are likely to show through in higher sales, helping to nudge pre-tax profits up to perhaps £2.9m. The share price stayed steady after the announcement at 570p, but on a p/e of more than 31, the market clearly has hefty growth in mind.

Yearlings unchanged
The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, unchanged from last week and compares with 13 1/2 per cent a year ago. The bonds are issued at par and are redeemable on March 28 1984. A full list of issues will be published in tomorrow's edition.

W. Brom. Spring
The directors of West Bromwich Spring have decided that the dividend for the 11 1/2 per cent cumulative preference shares due March 31 1983 will not be paid.

Nigeria's problems start to hit Paterson Zochonis

A SUBSTANTIAL drop in profits is expected by Paterson Zochonis in respect of the year ending May 31, 1983. The fortunes of the group are linked closely with Nigeria.

In the six months to November 30 1982 turnover fell by £10m to £138.46m but profits before tax were almost maintained at £12.95m, against £13.12m. The second half is expected to show a "small reduction" compared with the first. For the whole of 1981-82 the profit was £29.83m.

The group carries on business as West African merchant and manufacturer, and producer of toiletries, etc., including Imperial Leather products. The directors state that the half year's figures are in line with indications given in the annual report last November.

Economic measures taken by Nigeria to reduce imports and limit the outflow of foreign exchange are beginning to show in the reduction of group turnover and an increase in interest charges, from £2.42m to £4.04m. These trends are expected to continue throughout the second half.

Higher interest charges have

been offset by an £0.52m rise in investment income and a £1m advance in the contribution from associated companies.

Earnings are shown at 13.92p, against 13.09p per share and the interim dividend is held at 1.33p. Total paid for 1981-82 was 4.5p.

No account has been taken of the movements in reserves which would have arisen on the translation of net currency assets to sterling at the rates ruling on November 30. The amount of the movement for the year in this respect will be finally determined by the rates on May 31.

First half 1981

Turnover 138.463 148.504
Operating profit 12.952 11.127
Exchange profit 469 468
Investment income 2.390 1.873
Finance costs 2.328 2.119
Associates 3.252 2.253
Profit before tax 12.947 12.116
Taxation 6.540 5.969
Minority interests 415 524
Attributable 6.591 6.623
Profit dividends 383 383
Ordinary 631 631
Loss.

comment
A recently increased manufacturing base in Nigeria is proving

a valuable shelter for Paterson Zochonis as that country's import restrictions begin to bite—the latest controls are likely to leave British exporters trade there at half the 1981 level. Nigeria now represents around 70 per cent of the group's business. The indigenous operations are not only replacing the company's own UK exports, but also finding growing shortages pushing up retail prices in a way that should protect profits growth even if volume falls. Meanwhile delays on payments, though not regarded as a serious risk, are pushing up borrowings. In the UK Cussons is suffering from the loss of the Nigerian business and is having to adjust its capacity but elsewhere performance is being maintained. So the outlook of a downturn to around £24m to £25m at full time is not unrealistic provided Nigeria's import controls continue to be reasonably effective, the oil price and the country's oil output stay relatively stable, and the packaging industry there does not run into major supply difficulties. Yesterday share, after an initial adverse reaction, rose 6p to 132p yielding 4.8 per cent.

Watmoughs increases to £1.8m

AN INCREASE of 19 per cent in pre-tax profits from £1.53m to a record £1.82m has been shown by Watmoughs (Holdings) for 1982. The dividend is being lifted and a one-for-five scrip is proposed. In the second six months profit rose sharply from £850,000 to £1.14m.

The directors say they intend to expand the group's interests throughout 1983 and believe that further progress can be achieved in spite of the difficulties which continue to face the economy. The net final dividend has been lifted from 3.75p to 4.55p which raises the total from 5.45p

to 6.25p. Earnings per 25p share are given as rising from 22.05p to 26.55p.

Turnover for this colour printer rose from £1.23m to £2.01m. The group's policy of seeking a wider spread of business following the takeover of additional capacity in 1981, has enabled it to achieve further progress despite pressure on margins in all parts of the group.

The reduction of borrowing—attributable profits emerged higher at £2.27m against £1.38m. On a current cost basis, pre-tax profits were reduced to £1.32m (£1.14m).

grave interests contracts have been awarded for the Thomas Cook 1983/84 Summer Sun main holiday brochures, and by Avon Cosmetics.

Packaging is improving with new contracts likely to show some benefit from the second quarter of this year.

After extraordinary credits of £619,000—principally profits on the sale of an investment in Benrose Corporation—the net profit after tax and minority interests was £1.82m against £1.53m.

On a current cost basis, pre-tax profits were reduced to £1.32m (£1.14m).

Peachey reaches £3m at halfway

THE SIX months to December 25, 1982 saw pre-tax profits of Peachey Property Corporation advance by £332,000 to £3m.

On earnings of 5p (4.4p) per 25p share, the net interim dividend is being held at 2.25p. Last year, when profits were £6.72m, a total distribution of 5.25p was paid.

In the first half, net rents increased by £136,000 to £2.54m and profits on trading property

sales showed little change at £949,000 (£953,000). As regards the extent of rental growth for the remainder of the year, the directors say this will, in part, be dependent of the success of new lettings. Meanwhile trading profits in the second half are expected to match those now reported.

Interest and dividends received at halfway rose to £171,000 to £225,000 as a result of funds generated from

property sales pending reinvestment. Other income amounted to £53,000 (£56,000).

On the expenditure side, interest payable fell to £35,000 (£38,000) while administration and other costs increased to £662,000 (£651,000).

Tax took £1.54m (£1.38m) for an attributable balance of £1.47m (£1.29m) and with dividends amounting to £949,000, earnings retained totalled £797,000 (£818,000).

U.S. holds back Brent Chemicals

REFLECTING losses in America, group profit of Brent Chemicals International fell from £3.62m to £3.56m in 1982. However, the directors are confident in the company's ability to resume its profitable expansion in 1983, and are raising the dividend from 2.3p to 2.5p net; the final being 1.5p.

The drive to reinforce profitability and improve productivity will continue, they state. Already an increased level of business is being serviced by the group with fewer people. In his report the chairman, Mr. H. W. Cross, says growth in earnings and returns on capital employed and sales were close to previously attained levels in all sectors except Brent Chemicals Corporation of Connecticut.

The effect of the U.S. industrial recession and the intensification of competitive pressures led to operating losses at that company. However, remedial measures were taken and by the fourth quarter the losses had been stemmed and break-even charges the loss was £672,000 compared with a profit before tax of £501,000 in 1981.

The U.S. company's programme to reduce working capital employed generated some £1m cash during 1982, and consequently it had a positive cash flow in spite of the trading figures. Provided economic conditions do not deteriorate further the company is expected to make a net contribution to group profits in the current year.

Mr. Cross says the incorporation of the Reddish companies into the group proceeded smoothly. The acquisition has strengthened the group's position in the food, dairy and beverage markets, and has begun to make a satisfactory contribution. Group sales for the year were up from £45.8m to £51.7m.

After tax, £1.35m (£1.22m).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interim or final and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim: Amalgamated Distilled Products, Armstrong Equipment, Anglo-British Investments, Charthouse Gundry, J. and J. Martin Paper Mills, Sira.
Finals: BICC Steelbills, Britannia Arrow, Britannia Assurance, CAMRA (Real Ale) Investments, Charthouse Petroleum, Church, Richard Clay, Clifford's Dairies, Eagle Star, Fairview Supermarkets, Harrow and Shawman, Laing Properties, Manders, Ocean

Transport and Trading, Prudential, Sikkens Lubricants, Slough Estates, United News.

FUTURE DATES

Interim: Capenhurst International Mar. 25
Glasco Apr. 11
Hawdon Mar. 24
WRT Mar. 29
Walker (James) Goldsmith and Silverman Mar. 24
Barnes Marmion Apr. 14
Black and Edgington Mar. 24
Newhall Mar. 29
Ceylon June 6
Christie International Apr. 6
Manborough Property Apr. 27
Newhall Apr. 27
North British Canadian Inv. Apr. 8
Sparrow (G. W.) Mar. 29
Supermarkets Mar. 29
Telford Mar. 20

COMMODITIES:

Is commodity broking really such an extreme form of investment? Do you either end up making a killing or killing yourself? Well, it all depends. Certainly, buying commodities can be a more speculative exercise than, say, investing in shares. But by no means to the extent that some people (particularly stockbrokers, strangely enough) would have you believe. Although your outlay in commodity broking is comparatively high, the rewards that can be expected are proportionately much, much greater. And one advantage you have over the person dealing in shares is that you can make money even in a declining market. The controlling factor is the someone who handles your money.

THE MYTH



AND THE REALITY.

If you take it to one of the larger, longer standing brokers, you may indeed make a profit. You may not. But what's certain is that there will be a lot of other clients' money jostling for attention with your own. And, if your investment plans are big enough to be taken seriously, the last thing you want is to be the last thing on your broker's mind. You want a commitment in effort to match your own in money. Which is why we unashamedly recommend ourselves.

Although we're a young company, we've got a great deal of experience behind us. The careers of Gerald Stagg and Stephen Parris span over 30 years and include much time on the stockmarket as well as in commodities. But, obviously, experience alone is not enough. And the main reason we've been able to establish ourselves in the marketplace so quickly is simply that we have built a reputation for good work and good service on behalf of our clients. To consolidate our initial

success and to complete our range of client services, we are now promoting The Commodity & Financial Futures Fund Limited, details of which appear elsewhere on this page.

But, while we have every intention of continuing our success, we're not blind to the worries that people have about commodities. Companies have been known to go under, because they are badly run businesses, taking their clients' money

down with them.

To guard against this, we operate a segregated bank account system. It simply means we have one account through which our business is run and another in which is placed your money for investment. The two cannot be intermingled.

So, you see that commodity broking doesn't have to be run on the hit and miss lines that you may have suspected. It can be an astutely managed business when the people involved know what they're doing and care about how they do it. And, if your fears are sufficiently allayed, why not give us a call on 01-236 1632. Or just fill in the coupon and we'll get in touch with you. We're confident we can make you feel on top of the world without wanting to throw yourself off.

Send to: Parris Stagg Limited, Bridge House, 181 Queen Victoria Street, London, EC4V 4DD. (Principal brokers to The Commodity & Financial Futures Fund Limited.)

Name: _____

Address: _____

Tel. No. _____

FT/23/3

Parris Stagg

APPOINTMENTS

Royal Bank of Scotland Group senior posts

Mr David J. Coulter has been appointed group finance controller and Mr Miller R. McLean group secretary of THE ROYAL BANK OF SCOTLAND GROUP from the beginning of May.

Mr Glyn's Bank and The Royal Bank of Scotland. Mr Coulter joins from Time-Life Books (Europe) Inc. He has been for the past seven years, recently as vice president—financial services. Mr McLean joined the Royal Bank of Scotland in 1970. He is executive assistant to the deputy managing director of The Royal Bank of Scotland and assistant secretary of the group.

Mr D. L. Miller and Mr R. A. M. Baillie have been appointed executive directors of STAN-DARD CHARTERED BANK with effect from June 1. Mr Miller joined the bank in 1948. In 1980 he was appointed senior general manager. Mr Baillie for the past four years has been managing director of Standard Chartered Merchant Bank.

Mr T. Bourke will be joining the board of Reed Executive subsidiary MEDICARE on April 5. Mr Bourke, who was at Sainsbury's, joins as sales director.

Mr Mike Lewis has been appointed engineering manager of BUTTERWORTH SYSTEMS (UK), Crofton, an affiliate of Exxon Corporation, with headquarters in Florham Park, New Jersey.

Mr Aziz Khan, formerly an executive director of Hambro Life, has been appointed managing director and chief executive of CREDIT & COMMERCE

INSURANCE CO. (UK), part of the Credit and Commerce International group.

HUNTER INDUSTRIES has appointed Mr David Letting as managing director, Suphri Products Sales. He was marketing director of Sara Lee.

Dr Christine Chaffin, deputy secretary at the University of Leeds since 1974, has been appointed secretary of the LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE from October 1.

MARCONI SPACE & DEFENCE SYSTEMS has appointed Mr G. "Peter" Lloyd as commercial director. He succeeds Mr M. Alvarez who has been appointed group legal adviser to The Marconi Company. Mr Lloyd was commercial manager at Marconi Avionics.

DORMAN SMITH FUSES has appointed Mr Keith M. Pratt as marketing director.

Mr Charles R. Buckridge has been executive vice president of the Engelhard Industries division of Engelhard Corp., New Jersey. He is chief executive of Engelhard Industries for operations in Europe and Australia.

Mr Richard Vaux has been appointed to the new post of commercial director of BRITISH CALEDONIAN HELICOPTERS. He was the company customer services manager.

Mr Malcolm Williamson, previously an assistant general manager of BARCLAYS BANK with responsibility for its plan-

ning department, has been appointed regional general manager of the bank's London regional office.

Mr Peter J. Taylor has been appointed managing director of SPINNEY'S 1948 and Mr Brian P. Skinner joins the board with responsibility for the Middle East.

LINFOOD HOLDINGS has elected Mr Keith Edwards and Mr Jeremy Francis as directors. Mr Edwards is managing director of Gateway Foodmarkets, and Mr Francis joined Linfood as group secretary and legal adviser in 1981 having previously been company secretary and legal adviser to both Uniora Industries and Fosco Minsep. Mr David Fisher has been appointed managing director of Linfood Cash & Woolley. Mr Woolley is resigning from the Linfood board but will be remaining with the group to give assistance for a transition period on a consulting basis. Mr Fisher was marketing director.

A cable and satellite television joint venture company, RACAL OAK, has been established at Fleet, in Hampshire, by Racal Electronics and Oak Industries Inc. of California. Mr Werner Koester, president of Oak Industries and chairman of Oak Communications Inc., is acting managing director based in the UK until a permanent appointment is made. Mr Ernest Harrison, chairman and chief executive of "Racal" Electronics, becomes chairman of Racal Oak which will have three main divisions: hardware, operations and programming. The hardware division has already been formed and is headed by Mr Geoffrey

Meadowcroft who joins the board from Racal Data Communications Group.

Mr Peter Ducker has been appointed to the new position of managing director of CAPITAL BREAKS, a mini holiday operator in London. He has also been made marketing director for Sarova Hotels—parent company of Capital Breaks. He was previously marketing manager for Capital Breaks and Sarova Hotels.

Mr Rod Gunner has been appointed chief operating officer of the STILWOOD GROUP. He was managing director of the UK Group and chief financial officer worldwide and will retain those titles.

Mr Peter Barnes has been appointed group accountant for the WILLIAM LEACH GROUP. He joined Leach Homes (North West), one of the four divisions of the company, in 1977, was appointed company secretary 12 months later and in 1979 became the division's financial director.

Mr R. D. Gee has been elected chairman of the LONDON GOLD FUTURES MARKET from April 1. Mr Robert Beale has been elected vice chairman.

Mr Don Rothwell, a founder director of Mercury, is to become group managing director of Mercury AIRFREIGHT HOLDINGS from April 1. Mr Bertie Peart Smith steps up to become executive chairman.

Mr G. M. Cole has been appointed director of ARK ENTERPRISES and its subsidiary companies South East Nursing Home Services, Cheam Hospitals, and Modular Bathrooms. Mrs J. M. Price has been appointed a director of South East Nursing Home Services.

Mr Gerry Robinson has been appointed managing director for CC SOFT DRINKS. He takes over from Mr Eric Walters who has become chairman and managing director of Grand Metropolitan Soft Drinks and Overseas Brewing. Mr Robinson was sales and marketing director.

Mr Vic Hill, a director of Kraft Foods, has been elected deputy chairman of the POON MANUFACTURING GROUP. Mr Hugh Bidwell, chairman of Pearce Duff & Co., was elected vice chairman.

Mr John Chambers, sales promotion manager at Allen, Brady and Marsh, is to become managing director of Grand Metropolitan. Mr John Donegan becomes chairman.

FIELDING PARTNERS (AVIATION) has appointed Mr R. W. Fielding, Mr A. J. Macey, Mr P. J. Stephens and Mr R. C. Weston as directors of the newly formed company.

THE COMMODITY & FINANCIAL FUTURES FUND LIMITED.

The Fund will invest in physicals, futures and forward contracts in commodities and currencies, in all major markets, particularly London and the USA. The main objective of the Fund is capital growth.

ISSUE OF UP TO 2,999,999 UNCLASSIFIED SHARES

of 1p each as Distribution Shares or Accumulation Shares. The subscription lists open at 10am on 24 March 1983. The initial offer price is £1.00 per Accumulation Share and £1.00 per Distribution Share, payable in full on application to The Commodity & Financial Futures Fund Limited, 48 Abhol Street, Douglas, Isle of Man.

These prices are valid until 20 April 1983 and, it should be noted, will carry a preliminary charge, the rates of which are set out in the prospectus.

Shares in the fund may only be acquired on the basis of a prospectus, which can be obtained from either The Commodity & Financial Futures Fund Limited, 48 Abhol Street, Douglas, Isle of Man or Parris Stagg Limited, Bridge House, 181 Queen Victoria Street, London, EC4V 4DD, Tel. 01-236 1632.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

IN September 1981 Rory McLeod, newly appointed head of news at the National Broadcasting School, walked into his new office in London's Soho, looked at the map on the wall and with a black felt pen drew an arc cutting off the Brighton South Coast area from the rest of England. "I figured that the region was a plum area for programming and revenue for an independent radio station," says McLeod, previously editor at Independent Radio News.

Today Rory McLeod is programme controller of Southern Sound, the recently appointed independent radio contractor for an area stretching from Bognor Regis to Beachy Head, and hitting inland as far as Hoxham. McLeod set up the consortium which won that plum franchise, and Southern Sound could start broadcasting by September, neatly coinciding with the 10th anniversary of Independent Local Radio.

The IBA describes the battle for the franchise among the four original consortia as "a hard fight" which Rory McLeod was determined to win. "At the age of 21 I was clearing out at a pig farm in Sussex. I decided I wanted to be a journalist. Radio Clyde, in Glasgow, had just started up, and I went up there and sat on the steps of Radio Clyde for two days and nights wearing a shabby raincoat and with a Leon Uris blockbuster for company. I just wanted a job. Finally they let me in and made me office boy. On the first day I misused a piece of equipment and injured a member of staff. After that things got better."

Now the wheel has come full circle and Rory McLeod is busy sifting through 1,700 applications for the 16 jobs on offer at Southern Sound.

Recruiting skills are essential for any would-be radio contractor in order to attract the most appropriate people, from the non-executive director with a pedigree to the junior reporter. He must persuade the IBA that his consortium is better than its rivals. Southern Sound's main opposition was Channel Contemporary Radio, which had been around for about nine years in anticipation of a local franchise being offered. The chairman was local MP Geoffrey Johnson Smith, a former BBC producer and chairman of the Conservative Media Group. CCR also had Vera Lynn, the singer, on its board.

However, Southern Sound was not lacking in muscle. Its chairman, Quinton Barry, a Brighton solicitor, stood as the Labour candidate for Brighton Kemptown in the 1979 election. The managing director, Keith Belcher, was formerly senior news editor at IRN. Other luminaries on the board include



Rory McLeod of Southern Sound: an old cinema in Portlaid is the site of the company's new studios

On the air with a winning sound

Dominic Lawson tells how Southern Sound gained a radio franchise

Lord Briggs, former professor of history at Sussex University, and Susan Stranks, a former TV presenter.

To assess what was likely to impress the IBA, McLeod studied the composition of boards of all the consortia which had previously won franchises. Such a move is indicative of the well-researched nature of McLeod's campaign, which involved the use of Brighton Polytechnic for less readily available information.

The consortium met every Saturday for about five hours, and set up advisory groups on various areas of programming. Within six months Southern Sound had submitted a 600 page application.

That diligence paid off, and after a 14-hour interview with the IBA in the Grand Hotel, Brighton, Southern Sound found itself in a two-way play-off with Channel Contemporary Radio. "We all had a slap-up breakfast at the Carlton Hotel before the final interview with the IBA, which was conducted by

among other people, Lord Thomson (chairman of IBA). We were seated round an oval table with small bottles of Perrier water. I didn't like it much," says McLeod, plunging a cigarette end into what may once have been a cup of coffee.

Among the proposals Southern Sound put to the IBA were ideas for programming, not just for year one but also for years two and three. McLeod says: "Our programming was not particularly ambitious. The IBA are no fools. They know that one can't realistically do more than one one-hour documentary per week. We didn't promise anything. We never said 'we will'."

At the time of Southern Sound's application, commercial breakfast television was seen by some as a threat to commercial radio. But in an interview in Radio magazine in November Belcher commented with some prescience: "TV-am will be transmitting Sugarbush Frostie to the living room wallpaper while the Sugar Frosties are still

eaten to the sound of ILR in the kitchen."

However many original programming ideas Southern Sound could put before the IBA, the first duty of any commercial broadcasting station must be to attract advertisers. Says McLeod: "ILR has consistently undersold itself. It's scandalous that with over half the country's potential audience, it can account for only 3 per cent of advertising spending."

Indeed, independent local radio has often been accused of failing to generate the advertising revenue that its audience size would suggest, though in the light of the current IPA-Equity dispute at Channel 4, and the dire audience figures of TV-am, ILR seems quietly pleased with itself.

Furthermore the IBA is expected to announce shortly after Easter that battle can commence for the 50th franchise allocated to independent radio by the Home Office. Judging by the recent performance of ILR stations in generating advertising revenue,

the competition will probably be fierce; last year Independent Radio's gross advertising revenue was almost £61m, a 20 per cent increase over 1981, and this January's figure was 8.5 per cent up on the same month in 1982.

Independent radio's hard fought battle to attract major national advertising received a boost in November when TDK, the cassette tape manufacturer, announced the first ever £1m advertising campaign on ILR for a single product.

The IBA accepts that ILR has had its commercial difficulties in the past, but insists that "the new stations are learning from the older ones. Tight cost control is now the order of the day. Things are looking pretty rosy."

At Southern Sound, McLeod is setting up a network of agents who will live in the major communities in the catchment area. "We must be a channel, in the true sense of the word, not just a station yelling at the audience. We aim to have many advertisements from local businesses, such as hairdressers, who have not previously thought of themselves as radio advertisers. Our evening programme rates will be only £7.50 for a 30 second spot. They can afford it."

On February 10 Southern Sound called for would-be investors to put up at least £550,000 to provide working capital for the early stages of the station's development. It looks as though the station will raise about £800,000, although ratification of all potential shareholders by the IBA is awaited.

In fact Southern Sound could probably have managed with about £200,000 less than it called for, but it has consciously and rather conservatively aimed for very solid asset backing. So it is buying its own office, and developing it exactly to its requirements.

Only the radio equipment is to be leased. Says Rory McLeod: "We're spending as much as possible on capital equipment and as little as possible on drinks cabinets."

As if to emphasise McLeod's claim that "we are not going to be Radio Brighton" Southern Sound is not to be based in Brighton. "Our station will be in a small town — Portlaid. We bought a disused cinema there for about £85,000. We fell over one or two dead rats."

On the cautious projection that Southern Sound will sell 40 per cent of available advertising time in 1984, and 45 per cent in the following year, then 1983 should see the station breaking into the black at the pre-tax level by about £168,000. Quinton Barry insists that Southern Sound will need no more than the one capital injection. "Further investment should be financed by internal cash flow."

So all seems set fair for Southern Sound. There are some teething troubles though. It appears that after dusk, anyone tuning in to the frequency designated for Southern Sound is currently receiving Radio Moscow loud and clear. "But we'll get that changed," says Rory McLeod. Somehow, one believes him.

Europe's philanthropic league

BY ARNOLD KRANSDORFF

BRITISH companies are more philanthropic than their continental European counterparts, according to a new survey* by The Conference Board, an American-based independent, non-profit-making research institution.

The study discloses that a sample of 47 UK companies each contributed an average 0.58 per cent of pre-tax profits in 1980. But although this figure puts the UK on top in Europe, it is still around half the percentage amount that U.S. companies give away every year to worthy causes.

This is the first time that The Conference Board has looked at the practice of corporate contributions in Europe. Given the lack of tax incentives in the UK it had always been assumed that British companies were far less generous than their obviously are.

The survey, which covered 170 companies in eight Western European countries, found that corporate contributions in the UK ranged from the equivalent of US\$12,000 to \$6.6m in 1980. In total, the 47 UK companies gave away \$27.87m; seven of them contributed more than \$1m each.

More than a third of the total was given to hospitals and other health institutions around fifth towards encouraging cul-

ture and the arts and about 17 per cent to educational establishments.

The study found a big difference in the pattern of corporate philanthropy across Europe. In West Germany, contributions ranged from \$2,900 to \$1.7m while in Sweden—the least generous country—voluntary corporate donations ranged from \$2,400 to just over \$800,000.

The Conference Board points out that since income and corporate tax rates are relatively high in most European countries, individual governments have traditionally assumed a major responsibility for financing charitable needs.

"The UK continues to stand out in terms of overall pre-occupation with philanthropy and non-governmental support of education and the arts, and the government plays a not inconsiderable role in maintaining and promoting an efficient use of funds and human resources on the private level," says the study.

"At the opposite end of the spectrum is Sweden, and to a lesser degree the Federal Republic of Germany, where the tolerance for high income and corporate taxes is predicated on government's responsibility for basic needs. In Sweden, donations are not tax

deductible unless they are business related. In Germany, this understanding of the government's role combines with the population's penchant for science and culture to create a favourable climate for corporate support of both, with general welfare and health playing a minor role."

In contrast to Europe, the generosity of U.S. companies is overwhelming, thanks to specific tax incentives and a strong social conscience. The allowable limit for charitable contributions has recently been increased from 5 per cent to 10 per cent of taxable income.

On average, U.S. companies give away 1.1 per cent of pre-tax profits. In 1980 this amounted to \$2.7bn, a 10 per cent increase over the previous year, according to the U.S. Department of Commerce and the Internal Revenue Service.

The U.S. government's motivation for giving attractive tax incentives is to encourage private industry to fill the financial gap left by public spending cuts for a variety of social, educational and community services.

* Corporate Voluntary Contributions in Europe, available from The Conference Board, Avenue Louise 207-Bte 5, B-1050 Brussels, Belgium. Price \$30.

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Stolen cheque

... 1 ...

With reference to the question in Business Problems of February 2 concerning a stolen cheque I would be interested to know whether your opinion is altered in the following circumstances.

A crossed cheque is drawn payable to the firm John & Smith. The cheque is stolen and the amount is cashed by a person who is not named in the cheque. The cheque is then paid into an account named John F. Smith in a building society and shortly thereafter all the money in the account is withdrawn and the cheque is obviously accepted by the drawee's bank.

The circumstances which you postulate would make all the difference, because the cheque is forged before it is paid into the account, and liability for its conversion would inevitably fall on the building society. The original query seems to have been designed to postulate a situation where there was no forgery.

... 2 ...

May I know why your legal staff when replying under the heading "Stolen cheques" (February 2) did not give the same reply as on May 27 1981? It was stated then that security was provided by writing the word "only" after the payee's name, striking out the printed words "or order" and initialling the alteration plus the addi-

tion of writing "not negotiable" across the cheque. This, it stated, provided absolute security and imposed stringent legal obligations upon the bank concerned.

We did not give the reply you suggest because we did not understand the question to have been directed as to how to secure a cheque in the post, but rather to how much an imaginative thief might get away with and what the consequences are to the persons unwittingly involved in his scheme.

... 3 ...

Stopped cheque in Scotland

Please will you clarify the rights in Scottish law of a person who stopped payment of a cheque.

My bank deposited my cheque of £314 in a frozen account for six months finally reimbursing me after I signed a letter accepting full responsibility. I had given the cheque to Laker Airways the day before its collapse. The bank declined my request for interest. Should this not be paid to me?

In Scotland, where a cheque is stopped, the bank will, in terms of the Bills of Exchange Act, 1882, lodge the money in a suspense account on which no interest is payable to the drawer of the cheque. The money will remain on such an account until the matter at issue is resolved and it is standard practice for the drawer of the


cheque to be requested to sign a letter absolving the bank from any liability as a result of the stopping of the cheque. Although this seems inequitable, it has become the statutory form of procedure in Scotland.

Part-time self-employment

Although in full-time employment, I am keen to start my own business on a part-time basis initially. I should like to operate by means of a limited company. However, as I have certain covenants not to engage in any business outside my full-time employment without obtaining the employer's consent first, I would like to use a "nom de plume" if possible although still remaining in full control. Is this possible or is it absolutely necessary for me to form a limited company in my real name?

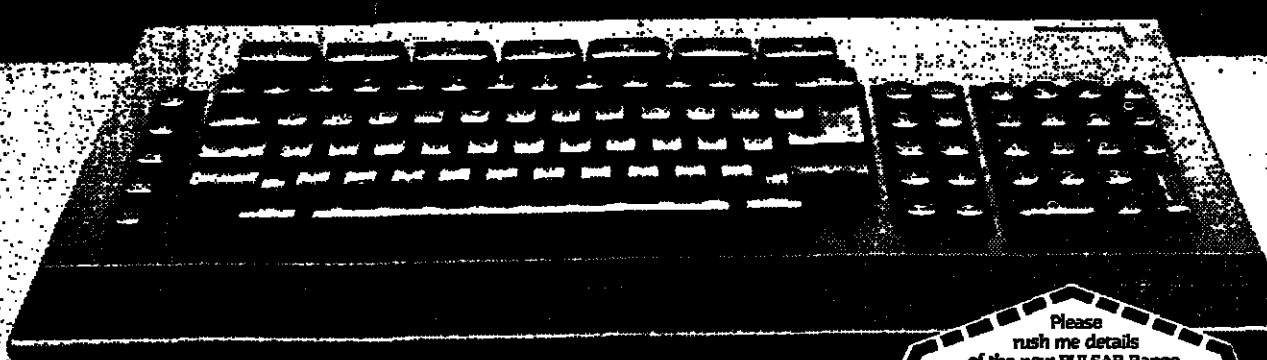
What you propose is perfectly possible so far as company law is concerned. You do not need to use your own name in the company's name — although your name will appear as a director or shareholder unless you use nominees. However you may still be in breach of your covenant not to engage in competing business, and such a course could involve you in a liability for damages which could be substantial.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.



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Company _____

Address _____

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TRADED OPTIONS

EUROPEAN OPTIONS EXCHANGE

Series	Vol.	June Last	Vol.	Sept. Last	Dec.	Stock
D/F/L	F.260	2	10.50	1	10.50	F.260.40
D/F/L	F.270	91	5	2.50	14	5.50
D/F/L	F.280	5	2.50	14	5.50	5.50
D/F/L	F.290	140	6	2	10	10
D/F/L	F.300	1	8.50	2	10	10
D/F/L	F.310	1	8.50	2	10	10
D/F/L	F.320	1	8.50	2	10	10
D/F/L	F.330	1	8.50	2	10	10
D/F/L	F.340	1	8.50	2	10	10
D/F/L	F.350	1	8.50	2	10	10
D/F/L	F.360	1	8.50	2	10	10
D/F/L	F.370	1	8.50	2	10	10
D/F/L	F.380	1	8.50	2	10	10
D/F/L	F.390	1	8.50	2	10	10
D/F/L	F.400	1	8.50	2	10	10
D/F/L	F.410	1	8.50	2	10	10
D/F/L	F.420	1	8.50	2	10	10
D/F/L	F.430	1	8.50	2	10	10
D/F/L	F.440	1	8.50	2	10	10
D/F/L	F.450	1	8.50	2	10	10
D/F/L	F.460	1	8.50	2	10	10
D/F/L	F.470	1	8.50	2	10	10
D/F/L	F.480	1	8.50	2	10	10
D/F/L	F.490	1	8.50	2	10	10
D/F/L	F.500	1	8.50	2	10	10
D/F/L	F.510	1	8.50	2	10	10
D/F/L	F.520	1	8.50	2	10	10
D/F/L	F.530	1	8.50	2	10	10
D/F/L	F.540	1	8.50	2	10	10
D/F/L	F.550	1	8.50	2	10	10
D/F/L	F.560	1	8.50	2	10	10
D/F/L	F.570	1	8.50	2	10	10
D/F/L	F.580	1	8.50	2	10	10
D/F/L	F.590	1	8.50	2	10	10
D/F/L	F.600	1	8.50	2	10	10
D/F/L	F.610	1	8.50	2	10	10
D/F/L	F.620	1	8.50	2	10	10
D/F/L	F.630	1	8.50	2	10	10
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D/F/L	F.650	1	8.50	2	10	10
D/F/L	F.660	1	8.50	2	10	10
D/F/L	F.670	1	8.50	2	10	10
D/F/L	F.680	1	8.50	2	10	10
D/F/L	F.690	1	8.50	2	10	10
D/F/L	F.700	1	8.50	2	10	10
D/F/L	F.710	1	8.50	2	10	10
D/F/L	F.720	1	8.50	2	10	10
D/F/L	F.730	1	8.50	2	10	10
D/F/L	F.740	1	8.50	2	10	10
D/F/L	F.750	1	8.50	2	10	10
D/F/L	F.760	1	8.50	2	10	10
D/F/L	F.770	1	8.50	2	10	10
D/F/L	F.780	1	8.50	2	10	10
D/F/L	F.790	1	8.50	2	10	10
D/F/L	F.800	1	8.50	2	10	10
D/F/L	F.810	1	8.50	2	10	10
D/F/L	F.820	1	8.50	2	10	10
D/F/L	F.830	1	8.50	2	10	10
D/F/L	F.840	1	8.50	2	10	10
D/F/L	F.850	1	8.50	2	10	10
D/F/L	F.860	1	8.50	2	10	10
D/F/L	F.870	1	8.50	2	10	10
D/F/L	F.880	1	8.50	2	10	10
D/F/L	F.890	1	8.50	2	10	10
D/F/L	F.900	1	8.50	2	10	10
D/F/L	F.910	1	8.50	2	10	10
D/F/L	F.920	1	8.50	2	10	10
D/F/L	F.930	1	8.50	2	10	10
D/F/L	F.940	1	8.50	2	10	10
D/F/L	F.950	1	8.50	2	10	10
D/F/L	F.960	1	8.50	2	10	10
D/F/L	F.970	1	8.50	2	10	10
D/F/L	F.980	1	8.50	2	10	10
D/F/L	F.990	1	8.50	2	10	10
D/F/L	F.1000	1	8.50	2	10	10

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D/F/L	F.580	1	8.50	2	10	10
D/F/L	F.590	1	8.50	2	10	10
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D/F/L	F.960	1	8.50	2	10	10
D/F/L	F.970	1	8.50	2	10	10
D/F/L	F.980	1	8.50	2	10	10
D/F/L	F.990	1	8.50	2	10	10
D/F/L	F.1000	1	8.50	2	10	10

TOTAL VOLUME IN CONTRACTS 12,903

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Apr.	Jul.	Oct.	Apr.	Jul.	Oct.
BP (USP 894)	260	68	—	—	—	—
CGF (USP 479)	430	65	74	—	9	—
CTD (USP 91)	70	22	24	26	1 1/2	2 3/4
CUA (USP 188)	120	11	17	—	2	4
GEO (USP 204)	180	28	26	48	1	4
GM (USP 335)	240	2	—	—	1	—
ICI (USP 402)	280	2	—	—	1	—
LS (USP 316)	250	59	64	59	1	2
M & S (USP 198)	160	25	—	—	1 1/2	—
RTZ (USP 518)	480	125	—	—	1	2
VRP (USP 597)	50	—	—	—	1	—

Option	Apr.	Jul.	Oct.	Apr.	Jul.	Oct.
SBL (USP 458)	360	106	115	—	2	—
IMP (USP 1111)	90	22	—	—	1	—
LMO (USP 334)	220	30	37	47	12	18
LNR (USP 85)	80	7	9	3	5	6 1/2
P & O (USP 143)	100	46	46	—	0 1/2	1
ROL (USP 439)	420	35	47	40	10	14
RTZ (USP 518)	480	125	—	—	1	2
VRP (USP 597)	50	—	—	—	1	—

Mar. 22 Total Contracts 1,853 Calls 1,304 Puts 549

A FINANCIAL TIMES SURVEY GOLD

A FINANCIAL TIMES SURVEY GOLD

APRIL 14 1983

1. Introduction The Gold market prospects for Gold price movements in the year ahead, etc.
2. Gold in the World Monetary System
3. Futures markets
4. London bullion brokers
5. Production
6. Demand
7. Coins
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178	91.4	
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89	94.2	
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90	96	
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92	92.1	
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FT COMMERCIAL LAW REPORTS

Claim not excluded by arbitration award

TELFAR SHIPPING CORP
v
INERSEA CARRIERS SA
Queen's Bench Division (Com-
mercial Court): Mr Justice
Lloyd: March 17 1983

WHERE TWO separate causes of action arise from the same charterparty an arbitration claim on one cause of action is not barred by the fact that the other has already been referred to arbitration and is the subject of an award.

Mr Justice Lloyd said when refusing an application by the plaintiff charterers, Telfar Shipping Corporation, for an injunction to restrain the defendant shipowners, Inersea Carriers SA, from proceeding with an arbitration claim on the ground that all matters in dispute arising out of the charter of the *Caroline P*, had already been resolved by an arbitration award.

the Iraqi receivers for damage to the cargo, nor the consequential claim by the owners for an indemnity.

The cargo claim was notified to the owners nearly six months after the arbitrators had been appointed, and was finally disposed of by the Iraqi courts long after the arbitrators had made their final award.

Mr Cooke for the charterers, argued that it was now too late for the owners to press their claim for indemnity. He said the owners ought to have brought the claim forward before the arbitrators made their final award. He relied on the rule in *Conquer v Boot* [1928] 2 KB 336.

In that case the plaintiff brought an action against a builder alleging that he had failed to build a bungalow in a "good and workmanlike manner," and giving certain particulars of the defects. He then brought a second action in which he claimed that the builders had failed to use proper materials, giving further particulars. His second action failed.

It was held that damages must be assessed once and for all in respect of one and the same cause of action; otherwise it would be open to the plaintiff to bring a separate action in respect of each defective brick.

By parity of reasoning, Mr Cooke submitted that the owners in the present case ought to have included their claim for indemnity in the first arbitration.

The first question was whether the rule in *Conquer v Boot* applied to arbitrations at all.

The underlying principle was the same in arbitrations as in actions and was expressed in the two Latin maxims, *interest reipublice ut sit finis litium* [it is in the interest of the state that lawsuits are not protracted], and *nemo debet bis vexari pro eodem causa* [no one should be vexed twice by one and the same cause].

Those maxims applied to arbitrations and actions alike. Accordingly, the rule in *Conquer v Boot* applied to arbitrations as it did to actions.

The second question was whether the rule applied on the facts of the present case. The answer depended on whether the cargo claim arose from the same cause of action as the claim for indemnity.

The fact that it arose out of the same contract was not conclusive: for one contract could give rise to many causes of action.

In *Bruzen v Humphrey* (1884) 14 QBD 141 Sir William Brett MR said at page 146: "Two actions may be brought in respect of the same facts, where these facts give rise to two distinct causes of action."

In *Conquer v Boot* it was held that there was but a single breach of contract giving rise to a single cause of action. By contrast, in *Bruzen* there was a single wrongful act of negligent driving, which gave rise to two separate causes of action—a personal injuries claim and a claim for damage to the car.

On the facts of the present case it was clear that the claim for indemnity was a separate cause of action from the matter which was dealt with by the arbitrators.

In making their claim for an indemnity, the owners were relying on a fresh cause of action, which had not been the subject of any previous award or judicial decision.

It followed that the rule in *Conquer v Boot* did not apply so as to bar their claim.

The third question arose from Mr Cooke's argument that the rule in *Conquer v Boot*, when applied to arbitrations, might have wider applications than it had when applied to actions. It all depended, he said, on the scope of the reference. In the present case, the arbitration agreement provided "should any dispute arise . . . the matter in dispute shall be referred," and the award stated that it was final and made in respect of all matters in dispute.

Mr Cooke relied on two cases. In *Smith v Johnson* (1812) 15 East's Reports 213, 214, Lord Lord Ellenborough said: "Where all matters in difference are referred, the party . . . ought to come forward with the whole of his case."

In *Dunn v Murray* (1829) 9 B & C 870, 788 Lord Tenterden said that the claim was within the scope of a former reference and that "it was the duty of the plaintiff to bring it before the arbitrator if he meant to insist on it as a matter of difference, and be cannot now make it the subject-matter of a fresh action."

For the charterers: Jeremy Cooke (Richards, Butler and Co.).
For the owners: Charles Falconer (Clyde and Co.).

His Lordship agreed that an arbitration was a consensual method of resolving disputes, it was open to the parties to agree that an award should be binding in respect of differences arising after the date of the award; but clear language would be necessary to produce that result. The arbitration agreement in the present case could not have that effect.

There was no dispute relating to the cargo claim until long after the arbitrators were appointed. There was no evidence of any express agreement to refer the cargo claim to arbitration, and there was no reason why such an agreement should be implied or inferred.

As for the authorities, it appeared from Lord Ellenborough's judgment in *Smith v Johnson* that the claim had been a "matter in difference at the time" and had been included in the matters referred. *Murray* seemed to be a straightforward application of what subsequently became known as the rule in *Conquer v Boot*.

The owners were not prevented from pursuing their fresh claim in arbitration, either by virtue of the rule in *Conquer v Boot*, or by reason of any agreement they might have made when the arbitrators were appointed.

There would have been no point in the original arbitrators considering the claim for an indemnity until it was known whether the receivers' claim was going to succeed in the Iraqi courts. It would have been quite wrong for the arbitrators to have held up their decision on the other matters until May 1981. Good sense required them to determine the matters as they arose.

For the reasons given the application failed.

For the charterers: Jeremy Cooke (Richards, Butler and Co.).
For the owners: Charles Falconer (Clyde and Co.).

By Rachel Davies
Barrister

Correction

In *Saltors Shipping Inc v Solholt* (FT March 15) the reference to *Heaven and Keston* should be deleted and replaced by *Nixon v Whitwell* [1975] 1 WLR 870.

INTERNATIONAL CAPITAL MARKETS

Three SwFr issues postponed

By Mary Ann Sleghart in London

THREE public issues due to be launched this week have been postponed in the Swiss franc bond market because of oversupply and lack of investor interest.

Mafina, the subsidiary of Petrofina, the Belgian oil group, Banque Nationale de Paris, and the American International Group a U.S. insurance company, were planning to raise SwFr 100m each through Swiss franc bonds.

Despite the amount of unsold paper in the Swiss market, there have been 29 new issues this month. These latest postponements are a sign that the market has at least temporarily had its fill.

Nevertheless, there were still two small issues: a SwFr 20m, nine-year, 5% per cent bond from Fuji Bank, priced at par and led by SBC, and SwFr 10m, five year 6% per cent private placement for the Japanese gypsum producer, Yasuda Chiyoda Kenzai, priced at 99% and led by Banque Morgan Grenfell en Suisse.

The secondary market was slightly better after a lacklustre couple of weeks. Prices rose by about 4 points. Sanyo Electric's SwFr 100m, 10-year convertible bond was given a coupon of 3% per cent yesterday by Credit Suisse. The conversion premium has been set at 2.3 per cent over a conversion price of Y301.

The German market had one new issue: a DM 200m, 10-year, 7% per cent bond from the Inter-American Development Bank. It will be priced on Friday by lead-manager Deutsche Bank. Yesterday, it was trading at a discount of around 11 points, which suggests that the final price may be slightly under par.

Prices in the secondary market rose slightly, but turnover was very low.

The dollar market was again extremely quiet, with no new issue activity and secondary prices more or less unchanged.

Biogen seeks \$57m in share offer

By Our Financial Staff

BIOGEN, the biotechnology research company, which is seeking ways of using recombinant DNA in commercial manufacturing processes, is seeking \$57.5m in new equity funds through a public share offering in New York.

Salomon Brothers and Warburg Paribas Becker have announced the company's first public offer of 2.5m shares of common stock - representing 13.5 per cent of Biogen's enlarged equity - at \$23 a share. On this valuation, the Netherlands Antilles-registered company would be worth well over \$400m.

Formed nearly five years ago, Biogen counts among its present shareholders Schering and Monsanto, the West German and U.S. drug companies, International Nickel of Canada and Grand Metropolitan of the UK.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. The following are closing prices for March 22.

U.S. DOLLAR	Issued	Yld	Offer	Change	Yield
Amstar 12 1/2% 88	75	112	122 1/2	0	11.34
Amstar 13 1/2% 88	200	104 1/2	105 1/2	0	11.20
Amstar 14 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 15 1/2% 88	150	117	117 1/2	0	11.84
Amstar 16 1/2% 88	750	110 1/2	111 1/2	0	11.88
Amstar 17 1/2% 88	175	104 1/2	105 1/2	0	11.61
Amstar 18 1/2% 88	200	100 1/2	101 1/2	0	11.20
Amstar 19 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 20 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 21 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 22 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 23 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 24 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 25 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 26 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 27 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 28 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 29 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 30 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 31 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 32 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 33 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 34 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 35 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 36 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 37 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 38 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 39 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 40 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 41 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 42 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 43 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 44 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 45 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 46 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 47 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 48 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 49 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 50 1/2% 88	150	100 1/2	101 1/2	0	11.27

OTHER STRAIGHTS	Issued	Yld	Offer	Change	Yield
Amstar 51 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 52 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 53 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 54 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 55 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 56 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 57 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 58 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 59 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 60 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 61 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 62 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 63 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 64 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 65 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 66 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 67 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 68 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 69 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 70 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 71 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 72 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 73 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 74 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 75 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 76 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 77 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 78 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 79 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 80 1/2% 88	150	100 1/2	101 1/2	0	11.27

CONVERTIBLE	Issued	Yld	Offer	Change	Yield
Amstar 81 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 82 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 83 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 84 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 85 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 86 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 87 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 88 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 89 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 90 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 91 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 92 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 93 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 94 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 95 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 96 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 97 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 98 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 99 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 100 1/2% 88	150	100 1/2	101 1/2	0	11.27

Amstar 101 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 102 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 103 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 104 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 105 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 106 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 107 1/2% 88	150	100 1/2	101 1/2	0	11.27
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Amstar 113 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 114 1/2% 88	150	100 1/2	101 1/2	0	11.27
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Amstar 136 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 137 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 138 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 139 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 140 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 141 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 142 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 143 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 144 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 145 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 146 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 147 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 148 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 149 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 150 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 151 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 152 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 153 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 154 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 155 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 156 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 157 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 158 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 159 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 160 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 161 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 162 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 163 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 164 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 165 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 166 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 167 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 168 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 169 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 170 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 171 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 172 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 173 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 174 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 175 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 176 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 177 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 178 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 179 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 180 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 181 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 182 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 183 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 184 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 185 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 186 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 187 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 188 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 189 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 190 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 191 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 192 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 193 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 194 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 195 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 196 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 197 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 198 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 199 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 200 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 201 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 202 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 203 1/2% 88	150	100 1/2	101 1/2	0	11.27
Amstar 204 1/2% 88	150	100 1/2	101 1/2	0	11.27
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SECTION III CONTENTS

NEW YORK STOCK EXCHANGE 28-29
AMERICAN STOCK EXCHANGE 29-30
WORLD STOCK MARKETS 30
COMMODITIES 31
LONDON STOCK EXCHANGE 32-33
CURRENCIES 34

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Wednesday March 23 1983

WALL STREET

Fed upsets the debt digestion

GROWING concern on Wall Street over the weight of impending funding by the U.S. Treasury was joined yesterday by a new uncertainty regarding the Federal Reserve's stance toward monetary trends, writes Terry Byland in New York.

The credit markets, which must absorb nearly \$26bn in new Treasury securities this week, were unsettled by sudden fears that the Fed may tighten the monetary reins.

The nervousness followed a press report that Mr Paul Volcker, the Federal Reserve chairman, had told the Administration that the Fed was tightening its grasp of bank reserves. Officials at the Fed expressed scepticism of the reports, however, and the markets were unsure how much credence to place on them. Investors were also disturbed when a leading banker told a congressional subcommittee that inflationary fears had by no means subsided.

An initial gain of five points in the Dow Jones industrial average was eroded by mid-afternoon and light selling brought a final level of 1123.55, a net

fall of 1.74. After a Commerce Department announcement that sales of durable goods had fallen in February, Shares traded totalled 80m with share gains of 807 balanced by share losses of 764.

In the credit markets, prices opened lower. Monday's buying by short-term operators seeking to cover their positions was clearly over and the lack of genuine retail demand, together with the market's new-found doubts on Fed policies, sent yields on Treasury bills up by four to 13 basis points, with the shorter dates hardest hit.

The outcome of the Treasury bill auction late on Monday left the market facing some of the highest yields on short-term bills since mid-November. The average discount on three-month bills was 8.43% per cent and on the six-month bills 8.53% per cent.

This meant an unsettling prospect for yesterday's auction of \$5.5bn in four-year Treasury notes, which were already trading in the market on a when-issued basis, showing yields of 10.14 per cent.

With longer dates difficult to sell at present, the market expects to be severely tested by the outcome of yesterday's four-year note issue, by today's seven-year issue and Thursday's 20-year bond issue.

The market was further dampened by the continued firmness in Federal funds, which traded at 8% per cent - at which level the authorities supplied an unusually large \$2.5bn in temporary reserves through customer repurchase agreements.

Three-month Treasury bills stood at a discount of 8.55 per cent and the six-month bills at 8.59 per cent. The bellwether long bond, the Treasury 10% per cent of 2012, rallied from an early 96%, to close at 97%, little changed on the day.

Goodyear tire weakened to \$28 after a profits warning but Massey-Ferguson remained unchanged at \$3% on their latest trading statement. IBM, the market's favourite stock, shaded to \$100% and Pan American at \$5%.

Shares opened firmly, with technology and energy issues still wanted. However, the momentum died away as credit markets stalled, and the mood was a little less confident than last week. U.S. industry has already increased its bank borrowings to meet an expected upturn in demand, and tighter monetary policies would hurt the industrial recovery on which the market advance has been based.

In Toronto, a strong advance by gold issues - in line with a firmer bullion price - led the market higher, supported by pipelines and financials. However, the transportation and metals sectors were weaker. In Montreal, banks showed a firmer trend.

FAR EAST

Prospect of rate cut buoys Tokyo

SIGNALS that an early cut in the Japanese discount rate was under official consideration took Tokyo stocks upward with a flourish yesterday, with blue chips leading the way to a further record high in the Nikkei-Dow Jones market average.

The indicator reached 8,281.59, up 46.69 from Friday's peak, and trading continued actively at some 330m shares against the 340m notched up before the market's long weekend. The stock exchange index improved 3.73 to 610.32.

One dealer said that foreign investors were using the weaker yen to good buying advantage.

Among the biggest beneficiaries were the electricals, amid reports of an upturn in U.S. video recorder demand. Sony added ¥120 to ¥3,740 and Pioneer ¥30 to ¥2,580.

Elsewhere, Takeda Chemical advanced ¥11 to ¥905, followed by other pharmaceuticals. Of the car makers Toyota was ¥20 ahead at ¥1,080 while foods, trading houses and textiles also rose. The exception was the mining sector, which generally lost ground.

Government bond prices firmed on rate cut expectations, with yields down 10 basis points at the long end.

Stock turnover remained on the thin side in Hong Kong but prices recovered from Monday's slide to leave the Hang Seng index 26.34 higher at 981.45.

Properties, beset that day by poor corporate results and rumours of isolated liquidity problems, this time showed rises of 25 cents for Cheung Kong at HK\$9.35, 30 cents for Sun Hung Kai Properties at HK\$6.50 and 15 cents for Hongkong Land at HK\$4.05.

Profit-taking eroded a higher opening in Singapore, and resilience in commodity and construction issues was offset by weakness among property holders, where Selangor slipped 20 cents to S\$5.15 and Singapore Land 25 cents to S\$7.80.

Of the hotels, Shangri-La held at S\$5.10 after announcing dividend and scrip plans. In vehicles Cycle and Carriage, the day's volume leader, gained 15 cents to S\$5.15 while MUI, rumoured to be considering a bid for C&C, was also active but relinquished 12 cents to S\$3.72.

AUSTRALIA

Mines advance

MINING stocks led a broad upward trend in light Sydney trading fuelled by firmer gold prices, an upturn on Wall Street and strong first quarter U.S. GNP figures.

BHP put on 18 cents to finish at A\$6.30, CRA rose 13 cents to A\$4.48 and MIM 12 cents to A\$4.12. Western Mining gained five cents for a A\$4.10 close but CSR slipped six cents to A\$2.52.

Some resource and industrial issues improved in Melbourne.

SOUTH AFRICA

Gold's firmer

GOLD shares reacted firmly to fairly strong demand in Johannesburg as the bullion price edged past \$420.

Heavyweights gained a rand or more, with Buffels putting on R3.50 to finish at R51, while among lower priced producers Venters closed R1.50 ahead at R17.50. Other miners and financials followed the trend, Anglo-American adding 80 cents to R20, but De Beers held steady at R7.95. Rustenburg Platinum put on 36 cents for a R6.95 close ahead of interim results.

Industrials were quiet.

LONDON

Confidence hesitantly reinforced

MORE SETTLED trading conditions returned to London yesterday as the calmer atmosphere on foreign exchanges and sterling's steadier performance against the dollar encouraged a partial rally in government stocks and helped leading industrial shares to recover much of Monday's falls.

Confidence was far from fully restored in equities, but occasional buying was soon reflected in the leaders which edged higher for most of the trading session. Oil price fears were surfacing again, although underlying sentiment was helped by preliminary indications of a growth rate of 4 per cent in the U.S. economy.

After a reduced volume of business, the FT Industrial Ordinary index closed at the day's best with a rise of 7.9 to 660.4.

The easier trend in period money rates saw short-dated government stocks improve before closing a shade below the best with gains ranging to 1/2%. Exceptionally, Exchequer 14 per cent 1986 recorded a rise of 1/2% to 107 1/2%.

The longer maturities also failed to hold best levels, with quotations usually easing back by around a quarter after showing earlier gains ranging to 1/2% and occasionally more.

Oils attracted a reasonable level of interest on hopes that the Opec agreement would hold. Ultramar rose 17p to 512p in a market short of stock, while Shell firmed 6p to 434p.

Press comment attracted buyers to Standard Telephones and Cables, and its close was 15p up at 248p. Racal moved up 6p to 455p for the same reason, while GEC at 206p and Thorn EMI at 487p improved 4p apiece.

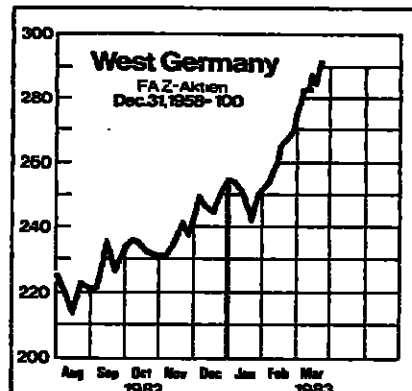
Standard Chartered Bank, supported up to 485p immediately ahead of its better than expected results, touched 500p before closing a net 25 better at 494p.

The major retail banks staged a useful rally as buyers appeared. NatWest led the improvement with a gain of 18p at 570p.

All the major components of mining markets staged a strong rally after substantial losses in the past couple of weeks. South African golds surged ahead, boosted by the firmer bullion price which encouraged widespread buying interest in a market short of stock.

Outstanding performances among the heavyweights came from Randfontein which advanced £5 to £85 and Buffels which surged £2 1/2 to £37 1/2.

Share information services, Pages 32-33.



EUROPE

Currency stability heartens

WIDESPREAD belief that the realignment of the European Monetary System has resolved the recent turmoil in foreign exchange markets, brought worthwhile gains in most centres.

In Frankfurt, investors shrugged off fears that the revaluation of the D-Mark will damage West German exports and sent share prices soaring across the board, pushing the Commerzbank mid-day index up 21.5 to a 13-year high of 879.7. The Frankfurter Allgemeine Zeitung closing index rose 6.40 to an all-time record of 291.45.

Brokers reported that foreign investors bought heavily into West German equities, expecting to take a profit when weaker EMS currencies, now at the upper limits of their new trading levels against the D-Mark, slip downward.

Banks led the early gains on the basis of Bayerische Vereinsbank's solid 1982 performance and the expectation of similar results from Commerzbank and Dresdner this week and Deutsche Bank next week.

These and the motor, stores and chemicals sectors registered the biggest gains - BASF adding DM 5.10 despite a 21 per cent fall in pre-tax profits - and equities generally benefited from a drift away from the stagnating bond market. Domestic bond prices were well maintained in a lethargic market. The Bundesbank sold public paper totalling DM 27.7m to balance the market, against purchases of DM 45.6m on Monday.

In Paris, prices staged a smart recovery in calm trading, reflecting the unwinding of forward orders by foreign investors who had anticipated the franc's devaluation.

Stocks with a strong export bias attracted particular interest, according to traders. Banks, electricals, oils and textiles were favoured but foods and metals lacked tone and chemicals declined. The market indicator showed a 1.35 per cent gain at the close, up 6.55 per cent over the last four weeks.

A firmer U.S. dollar boosted sentiment in Amsterdam, leading to gains in most actively traded stocks. Dutch international groups led the advance, with Unilever, Royal Dutch Petroleum and Akzo all very firm on foreign demand, particularly from the U.S.

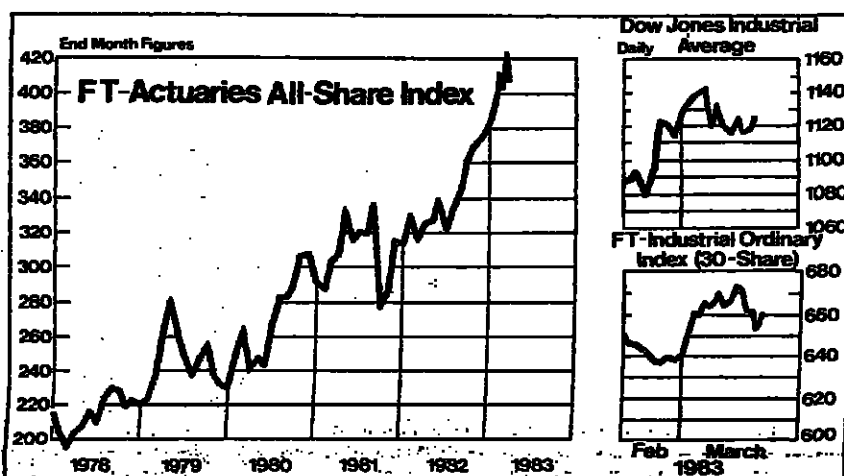
Bond prices there were mainly lower on small turnover.

Stocks rose sharply in active trading in Brussels as investors took the revaluation of the Belgian franc as a "vote of confidence" in the country's economy, according to one dealer.

Profit-taking after recent advances left prices generally lower after thin trading in Milan, however. Industrials and financials weakened, but Olivetti and Montedison reversed the trend. Prices fell back in a poorly traded bond market.

Banco Santander led a widespread advance of banking stocks in Madrid. Electricals also improved and chemicals showed small gains.

KEY MARKET MONITORS



NEW YORK	March 22	Previous	Year ago
DJ Industrials	1123.55	1125.29	819.54
DJ Transport	508.18	508.50	336.73
DJ Utilities	125.69	125.02	107.68
S&P Composite	150.66	151.21	113.55

LONDON	March 22	Previous	Year ago
FT Ind Ord	660.4	652.5	564.3
FT-A All-share	411.46	406.81	325.75
FT-A 500	445.22	439.87	348.61
FT-A Ind	418.18	413.13	319.32
FT Gold mines	559.8	535.6	254.6
FT Govt secs	80.45	80.02	69.55

TOKYO	March 22	Previous	Year ago
Nikkei-Dow	8281.59	8234.90	7065.38
Tokyo SE	610.32	606.59	529.02

AUSTRALIA	March 22	Previous	Year ago
All Ord.	506.8	502.8	470.1
Metals & Mins.	484.2	455.1	332.4

AUSTRIA	March 22	Previous	Year ago
Credit Aktien	53.13	52.77	53.43

BELGIUM	March 22	Previous	Year ago
Belgian SE	111.82	111.36	94.70

CANADA	March 22	Previous	Year ago
Toronto Composite	2110.4	2112.0	1622.1
Montreal Industrials	357.02	357.88	284.65
Combined	350.55	351.42	272.35

DENMARK	March 22	Previous	Year ago
Copenhagen SE	n/a	126.38	95.55

FRANCE	March 22	Previous	Year ago
CAC Gen	111.10	110.7	102.7
Ind. Tendance	116.60	115.1	113.5

WEST GERMANY	March 22	Previous	Year ago
FAZ-Aktien	291.45	285.05	235.74
Commerzbank	879.70	856.2	717.1

HONG KONG	March 22	Previous	Year ago
Hang Seng	981.45	955.11	1223.19

ITALY	March 22	Previous	Year ago
Banca Comin.	214.71	214.93	210.16

NETHERLANDS	March 22	Previous	Year ago
ANP-CBS Gen	120.2	117.8	86.9
ANP-CBS Ind	103.0	101.7	89.2

NORWAY	March 22	Previous	Year ago
Oslo SE	149.2	148.21	102.29

SINGAPORE	March 22	Previous	Year ago
Straits Times	841.79	847.82	719.71

SOUTH AFRICA	March 22	Previous	Year ago
Gold	743.0	711.2	459.8
Industrial	632.9	585.4	576.9

SPAIN	March 22	Previous	Year ago
Madrid SE	112.03	110.47	125.5

SWEDEN	March 22	Previous	Year ago
J & P	1301.0	1305.86	606.82

CURRENCIES	March 22	Previous	March 22	Previous
U.S. DOLLAR	1.4720	1.4705		
DM	2.4035	2.4180	3.55	3.55F
Yen	239.40	241	352 1/2	354 1/2
FF	7.2250	7.24	10.62 1/2	10.64 1/2
Sfr	2.0735	2.08	3.05 1/2	3.06
Quilder	2.6875	2.6925	3.97	3.96
Lira	1439	1449	2115 1/2	2129
Bp	47.54	47.57 1/2	69.90	69.95
CS	1.2240	1.2245	1.8015	1.8006

INTEREST RATES	March 22	Prev
Euro-currencies (three month offered rate)		
£	10 1/2%	10%
Sfr	4	4%
DM	4 1/4%	5
FF	19	19

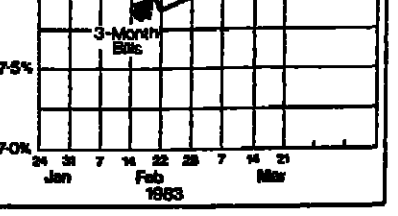
FT London Interbank Rate (offered rate)	March 22	Prev
3-month U.S.\$	9%	9%
6-month U.S.\$	9%	9%
U.S. Fed Funds	9%	8%
U.S. 3-month CDs	9.00	9
U.S. 3-month T-bills	8.59	8.48

U.S. Treasury Bonds	March 22	Prev	Yield
9% 1985	99 1/2%	9.89	98 1/2%
10% 1990	99 1/2%	10.51	100%
10% 1995	101 1/2%	10.60	101 1/2%
10% 2012	97 1/2%	10.71	97 1/2%

FINANCIAL FUTURES	March 22	Prev
CHICAGO		
U.S. Treasury Bonds (CBT)		
9% \$100,000 32nds of 100%		
June	75-16	75-21
U.S. Treasury Bills (RMB)		
\$1m points of 100%		
June	91.30	91.38
Sept	91.22	91.39
Cart Deposit (RMB)		
\$1m points of 100%		
June	90.57	90.69
Sept	90.47	90.65

LONDON	March 22	Prev
Three-month Eurodollar		
\$1m points of 100%		
June	90.28	90.39
Sept	90.28	90.30
20-year National GB		
\$50,000 32nds of 100%		
June	103-08	103-17
Oct	103-04	102-24

LONDON COMMODITY MARKETS	March 22	Prev
Silver (spot fixing)	719.50p	691.5p
Copper (cash)	£1054.00	£1050.25
Coffee (March)	£1831.00	£1811.00
Oil (spot Arabian light)	\$29.05	\$29.05



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* Source American Banker July 1982.

Prices at 3pm, March 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on Page 30

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounts to 25% or more, the new price is shown in parentheses after the old price. Dividend are shown for the stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s); b-annual rate of dividend plus dividend; c-liquidating dividend; d-called; e-new year's low; f-dividend declared or paid in preceding 12 months; g-dividend in Canadian funds, subject to 10%-non-resident tax; h-dividend in U.S. funds, subject to 10%-non-resident tax; i-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting; j-high-dividend or paid this year, an accumulation of dividends over the past 5 years; k-low-dividend over the past 56 weeks; l-the high-range range begins with the start of trading next-day day delivery FVB-price-warnings ratio n-dividend paid in full in preceding 12 months; o-dividend paid in full; p-stock split; Dividends begin with date of split; q-sales & dividend paid in stock in preceding 12 months, estimated cash dividend; r-dividend in part in stock; s-dividend in part in cash; t-trading halted "W" in bankruptcy or receivership or being reorganized under the Bankruptcy Act; or securities assumed by another company; u-dividend suspended; v-dividend suspended with warrants; x-ex-dividend or ex-rights; ydc-ex-distribution; ze-without warrants; ya-dividend and sales in full; yd-ydc; z-not in full.

NZ plan to cut contribution to IWS

FINANCIAL TIMES
The Outlook for
World Grains
CONFERENCE

with the private sector since public resources might not be sufficient.

The World Bank was about to make its first major loan, to provide port facilities, storage and information systems whose capital requirements tended to be high.

Other speakers were Mr. Thomas Cunningham Jr, chairman of the Chicago Board of Trade, and Mr Mostafa El Khatib, commercial counsellor of the Egyptian Embassy.

THE New Zealand Wool Board proposed to cut its contribution to the International Wool Secretariat by \$NZ13m (\$6.19m) because of lower market returns, worldwide inflation and the devaluation of the NZ dollar against the pound.

New Zealand's contribution to the IWS is funded through a 3 per cent levy. The board said the levy would have to be raised to 5 per cent, or wool prices would drop to a point where 1000 per kilo to 500 cents if the IWS contribution was to be maintained in real terms.

The proposed cut would reduce New Zealand's contribution to the IWS by 29 per cent.

about putting some of these stocks on the world market if the European Community continues to capture U.S. agriculture's markets with export subsidies.

"But even if this were to happen, it would be wrong to view it as a single solution to our problem. I have no intention of institutionalising our dairy subsidies for sale on the

Mr Reagan said farm commodities should not be locked in storage when there are needy people to be fed. He has ordered Mr John Block, Agriculture Secretary, to set up a distribution programme that will not disrupt farmers' markets.

He also repeated a commitment to expand export markets for U.S. farm goods

WASHINGTON — India's 1983

Exports in the current season are expected to reach a record 800,000 bales but are expected to drop to 500,000 bales in 1983-84.

The attache said cotton stocks at the end of the current season, July 31, are estimated to total 1.875m bales, down 580,000 bales from the previous estimate due to increases in

The attache said operations of textile mills in the Bombay region have improved although a strike which has lasted 15 months is continuing. Most striking mills have resumed partial operation.

AMERICAN MARKETS

COFFEE	Yesterday's Close	+ or -	Business Done
March	1850.32	+30.0	1835.11
July	1847.28	+1.0	1847.28
Sept.	1849.97	+4.5	1849.97
Nov.	1846.48	+7.0	1846.48
Jan.	1845.22	+8.5	1845.22
March	1854.58	+8.5	1854.58
July	1849.00	+1.0	1849.00

Solent 3,425 (5,704) lots of 5 tonnes.
 ICO indicator prices for March 21
 cents per pound (52.50). Cash, daily
 52.21 (52.26). 30-day average
 52.25 (52.65).

GRAIN

The market opened 5p up for old
 crop wheat and unchanged the rest.
 The market continued the
 trading day for the March
 crop wheat, ended 30p up for
 wheat and 30p down for barley.
 Old and July wheat values firm 50p-10p
 above 100-day reactive lows. The
 uncertainty of EMS changes. New
 crops were also firm and lightly traded.

WHEAT

Yesterday's + or -	Yesterday's + or -	Yesterday's + or -	Yesterday's + or -
March	1850.32	+30.0	1835.11
July	1847.28	+1.0	1847.28
Sept.	1849.97	+4.5	1849.97
Nov.	1846.48	+7.0	1846.48
Jan.	1845.22	+8.5	1845.22
March	1854.58	+8.5	1854.58
July	1849.00	+1.0	1849.00

BARLEY

Yesterday's + or -	Yesterday's + or -	Yesterday's + or -	Yesterday's + or -
March	1850.32	+30.0	1835.11
July	1847.28	+1.0	1847.28
Sept.	1849.97	+4.5	1849.97
Nov.	1846.48	+7.0	1846.48
Jan.	1845.22	+8.5	1845.22
March	1854.58	+8.5	1854.58
July	1849.00	+1.0	1849.00

SOYABEAN OIL—The market opened unchanged and held steady with short covering in near positions. Clearing: April 300,000; April 300,000; 400,000; June 413,000; 415,000; 436,000. April 475.00, 480.00, untended. Turnover 441,000, untended; Dec 451,000, untended. Buy 469,000, 468,000, 456,000. April 475.00, 480.00, untended. Turnover 39 (23) lots of 25 tonnes.

SUGAR

LONDON DAILY SUGAR—Raw sugar 110.00 (£106.00) a tonne of March-April-May shipment. White sugar 114.00 (£109.00). Per cent activity gained some 50p from overnight lows. However, rumour of a possible price cap now looking to sail 100,000,000 tonnes white stimulated long liquidation and prices fell some 50p.

No. 4	Yesterday's	Previous	Business
tract	close	close	done
			2 p/tonne

May 115.00-116.00 118.15-119.25 119.25-119.50
 Aug. 124.00-124.50 125.25-125.50 125.50-126.00
 Dec. 127.00-127.50 128.00-128.50 128.50-129.00
 March 127.00-127.50 128.00-128.50 128.50-129.00
 Dec. 127.00-127.50 128.00-128.50 128.50-129.00
 March 127.00-127.50 128.00-128.50 128.50-129.00

TIN	WEEKLY METALS			
	a.m. Official	+ or - Unofficial	p.m. Official	+ or - Unofficial
High Grade: Three months	9135.40	+5	9135.40	+35
Standard: Three months	9135.40	+5	9135.40	+35
Low Grade: Three months	9135.40	+5	9135.40	+35
Latex: Three months	9135.40	+5	9135.40	+35
Trade: Three months	9135.40	+5	9135.40	+35
New York	9135.40	+5	9135.40	+35

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LEAD		S.M.	+ or -	U.S.	+ or -
		Unofficial		-1	
Cash		234.5	+1.6	234.5	+1.6
Three months		305.5	+1.5	305.5	+1.5
6 Months		320.0	+1.5	320.0	+1.5
12 Months		330.0	+1.5	330.0	+1.5
ZINC					
Cash		457.5	+0.8	457.5	+0.8
Three months		485.0	+0.8	485.0	+0.8
6 Months		495.0	+0.8	495.0	+0.8
12 Months		505.0	+0.8	505.0	+0.8
COPPER					
Cash		105.0	+0.5	105.0	+0.5
Three months		110.0	+0.5	110.0	+0.5
6 Months		115.0	+0.5	115.0	+0.5
12 Months		120.0	+0.5	120.0	+0.5
NICKEL					
Cash		15.0	+0.2	15.0	+0.2
Three months		16.0	+0.2	16.0	+0.2
6 Months		17.0	+0.2	17.0	+0.2
12 Months		18.0	+0.2	18.0	+0.2
SILVER					
Cash		14.0	+0.1	14.0	+0.1
Three months		15.0	+0.1	15.0	+0.1
6 Months		16.0	+0.1	16.0	+0.1
12 Months		17.0	+0.1	17.0	+0.1
GOLD					
Cash		120.0	+0.5	120.0	+0.5
Three months		125.0	+0.5	125.0	+0.5
6 Months		130.0	+0.5	130.0	+0.5
12 Months		135.0	+0.5	135.0	+0.5

[illegible]

ious metals showed little change because of any aggressive selling. Gold and silver are currently in a holding pattern, waiting for a move in their next move. Copper prices are still under fire, but the cause here is not a shortage of supply, as was the case in the case of aluminum. The cause here is an oversold position. Heating oil is still in short covering and is being bought by wholesale prices and is expected to rise. Gasoline prices were higher as new speculative interest entered the market. The price of wheat was higher, as the Australian crop and on dealer pricing. New York prices were basically unchanged.

as profit-taking eroded early gains. Coffee prices came under pressure from dealer selling which encouraged a decline. Sugar prices were higher, as prices were lower early in the day. The price of soybeans fell, but rallied into the close. The price of corn was close as traders were waiting for positions just ahead of the government's storage reduction announcement. Soybeans were slightly lower and grains fractionally higher. The price of oil was higher ahead of the Psk participation report. The price of wheat was higher, as the Australian crop and on dealer pricing. New York prices were basically unchanged.

EW YORK

COCA 10 tonnes, \$/tonnes				
	Close	High	Low	Prev
July	1683	1685	1670	1698
Aug	1725	1727	1717	1689
Sept	1761	1765	1750	1720
Oct	1801	1805	1783	1760
Nov	1825	1830	1810	1780
Dec	1850	1855	1830	1820

COFFEE "C" 37,000 lbs, cents/lb				
	Close	High	Low	Prev
July	128.25	128.50	127.50	128.00
Aug	128.50	128.75	127.50	128.25
Sept	128.50	128.75	127.50	128.25
Oct	128.50	128.75	127.50	128.25
Nov	128.50	128.75	127.50	128.25
Dec	128.50	128.75	127.50	128.25

LIVE CATTLE 40,000 lb, cents/lb				
	Close	High	Low	Prev
April	67.00	67.25	66.50	67.00
May	67.00	67.25	66.50	67.00
June	67.00	67.25	66.50	67.00
July	67.00	67.25	66.50	67.00
Aug	67.00	67.25	66.50	67.00
Sept	67.00	67.25	66.50	67.00
Oct	67.00	67.25	66.50	67.00
Nov	67.00	67.25	66.50	67.00
Dec	67.00	67.25	66.50	67.00

ty	113.10	113.10	112.59	114.00	Dec	82.46	82.50	81.40	82.90
ty	116.10	117.10	116.10	114.00	Jan	82.46	82.50	81.40	82.90
LIVE HOGS 30,000 lbs. cents/lb.									
OPPER	25.00	18.18	cents/lb.		April	49.57	49.57	49.57	49.57
					May	53.15	53.15	53.15	53.15
March	71.15	71.20	70.50	70.50	June	53.35	53.35	53.35	54.85
April	71.15	71.20	70.50	70.50	July	53.17	53.17	53.17	54.85
May	71.15	72.25	71.85	71.85	Aug	48.70	48.80	48.80	49.30
June	73.45	73.45	73.45	73.45	Sept	48.70	48.76	48.76	48.76
July	76.70	76.70	76.40	76.40	Oct	48.70	48.76	48.76	48.76
Aug	76.70	76.70	76.40	76.40	Nov	48.70	48.76	48.76	48.76
Sept	76.70	76.70	76.40	76.40	Dec	48.70	48.76	48.76	48.76
Oct	76.70	76.70	76.40	76.40	Jan	48.70	48.76	48.76	48.76
Nov	76.70	76.70	76.40	76.40	Feb	48.70	48.76	48.76	48.76
Dec	76.70	76.70	76.40	76.40	March	48.70	48.76	48.76	48.76
Jan	76.70	76.70	76.40	76.40	April	48.70	48.76	48.76	48.76
Feb	76.70	76.70	76.40	76.40	May	48.70	48.76	48.76	48.76
March	76.70	76.70	76.40	76.40	June	48.70	48.76	48.76	48.76
April	76.70	76.70	76.40	76.40	July	48.70	48.76	48.76	48.76
May	76.70	76.70	76.40	76.40	Aug	48.70	48.76	48.76	48.76
June	76.70	76.70	76.40	76.40	Sept	48.70	48.76	48.76	48.76
July	76.70	76.70	76.40	76.40	Oct	48.70	48.76	48.76	48.76
Aug	76.70	76.70	76.40	76.40	Nov	48.70	48.76	48.76	48.76
Sept	76.70	76.70	76.40	76.40	Dec	48.70	48.76	48.76	48.76
Oct	76.70	76.70	76.40	76.40	Jan	48.70	48.76	48.76	48.76
Nov	76.70	76.70	76.40	76.40	Feb	48.70	48.76	48.76	48.76
Dec	76.70	76.70	76.40	76.40	March	48.70	48.76	48.76	48.76
Jan	76.70	76.70	76.40	76.40	April	48.70	48.76	48.76	48.76
Feb	76.70	76.70	76.40	76.40	May	48.70	48.76	48.76	48.76
March	76.70	76.70	76.40	76.40	June	48.70	48.76	48.76	48.76
April	76.70	76.70	76.40	76.40	July	48.70	48.76	48.76	48.76
May	76.70	76.70	76.40	76.40	Aug	48.70	48.76	48.76	48.76
June	76.70	76.70	76.40	76.40	Sept	48.70	48.76	48.76	48.76
July	76.70	76.70	76.40	76.40	Oct	48.70	48.76	48.76	48.76
Aug	76.70	76.70	76.40	76.40	Nov	48.70	48.76	48.76	48.76
Sept	76.70	76.70	76.40	76.40	Dec	48.70	48.76	48.76	48.76
Oct	76.70	76.70	76.40	76.40	Jan	48.70	48.76	48.76	48.76
Nov	76.70	76.70	76.40	76.40	Feb	48.70	48.76	48.76	48.76
Dec	76.70	76.70	76.40	76.40	March	48.70	48.76	48.76	48.76
Jan	76.70	76.70	76.40	76.40	April	48.70	48.76	48.76	48.76
Feb	76.70	76.70	76.40	76.40	May	48.70	48.76	48.76	48.76
March	76.70	76.70	76.40	76.40	June	48.70	48.76	48.76	48.76

73.90		74.10	
DLD 100 sytr oc, \$/sytr oc			
	Citrosa	High	Low
March	73.70	73.20	73.70
April	73.70	73.20	73.70
May	74.25	74.25	74.25
June	74.25	74.25	74.25
July	74.25	74.25	74.25
August	75.00	75.00	75.00
September	75.00	75.00	75.00
October	75.00	75.00	75.00
November	75.00	75.00	75.00
December	75.00	75.00	75.00
SOYABEANS \$500 bu, min.			
cents/50lb-bushel			
	Citrosa	High	Low
March	61.75	60.25	60.00
April	61.75	60.25	60.00
May	62.00	62.00	62.00
June	62.00	62.00	62.00
July	62.00	62.00	62.00
August	62.00	62.00	62.00
September	62.00	62.00	62.00
October	62.00	62.00	62.00
November	62.00	62.00	62.00
December	62.00	62.00	62.00
SOYABEAN OIL 60,000 lb, cents/lb			
	Citrosa	High	Low
March	62.00	60.25	60.00
April	62.00	60.25	60.00
May	62.00	62.00	62.00
June	62.00	62.00	62.00
July	62.00	62.00	62.00
August	62.00	62.00	62.00
September	62.00	62.00	62.00
October	62.00	62.00	62.00
November	62.00	62.00	62.00
December	62.00	62.00	62.00

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VER 5,000 tray cc. cents/tray cc.				
	Close	High	Low	Prev
March	346.0	347.0	346.0	346.0
April	352.0	353.0	351.0	352.0
May	372.0	374.0	371.0	372.0
June	364.0	364.0	363.0	364.0
Sept	362.0	362.0	361.0	362.0
Oct	362.0	362.0	361.0	362.0
Nov	362.0	362.0	361.0	362.0
Dec	362.0	362.0	361.0	362.0
SPOT PRICES—Chicago loose lard				
15.25 (same) cents per pound. Handy				
and Haman butter selling 1057.00				
SPOT PRICES—Chicago tallow				
York ind 618.00-623.00 (618.00-625.00)				
cents per pound				

YONKES GREASY WOOD—Close (in order: buyer, seller, business), Australia cents per lb. March 555.0, 570.0				
	Close	High	Low	Prev
March	555.0	571.0	552.0	560.0
April	560.0	571.0	552.0	560.0
May	560.0	571.0	552.0	560.0
June	560.0	571.0	552.0	560.0
Sept	560.0	571.0	552.0	560.0
Oct	560.0	571.0	552.0	560.0
Nov	560.0	571.0	552.0	560.0
Dec	560.0	571.0	552.0	560.0
SPOT PRICES—Chicago tallow				
York ind 618.00-623.00 (618.00-625.00)				
cents per pound				

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business), New Zealand cents per kg.				
	Close	High	Low	Prev
March	380.0	380.0	379.0	380.0
April	411.0	411.0	410.0	411.0
May	421.0	421.0	420.0	421.0
June	421.0	421.0	420.0	421.0
Sept	421.0	421.0	420.0	421.0
Oct	421.0	421.0	420.0	421.0
Nov	421.0	421.0	420.0	421.0
Dec	421.0	421.0	420.0	421.0
SPOT PRICES—Chicago tallow				
York ind 618.00-623.00 (618.00-625.00)				
cents per pound				

37	42	45	48	51	54	57	60	63	66	69	72	75	78	81	84	87	90	93	96	99	102	105	108	111	114	117	120	123	126	129	132	135	138	141	144	147	150	153	156	159	162	165	168	171	174	177	180	183	186	189	192	195	198	201	204	207	210	213	216	219	222	225	228	231	234	237	240	243	246	249	252	255	258	261	264	267	270	273	276	279	282	285	288	291	294	297	300	303	306	309	312	315	318	321	324	327	330	333	336	339	342	345	348	351	354	357	360	363	366	369	372	375	378	381	384	387	390	393	396	399	402	405	408	411	414	417	420	423	426	429	432	435	438	441	444	447	450	453	456	459	462	465	468	471	474	477	480	483	486	489	492	495	498	501	504	507	510	513	516	519	522	525	528	531	534	537	540	543	546	549	552	555	558	561	564	567	570	573	576	579	582	585	588	591	594	597	600	603	606	609	612	615	618	621	624	627	630	633	636	639	642	645	648	651	654	657	660	663	666	669	672	675	678	681	684	687	690	693	696	699	702	705	708	711	714	717	720	723	726	729	732	735	738	741	744	747	750	753	756	759	762	765	768	771	774	777	780	783	786	789	792	795	798	801	804	807	810	813	816	819	822	825	828	831	834	837	840	843	846	849	852	855	858	861	864	867	870	873	876	879	882	885	888	891	894	897	900	903	906	909	912	915	918	921	924	927	930	933	936	939	942	945	948	951	954	957	960	963	966	969	972	975	978	981	984	987	990	993	996	999	1002	1005	1008	1011	1014	1017	1020	1023	1026	1029	1032	1035	1038	1041	1044	1047	1050	1053	1056	1059	1062	1065	1068	1071	1074	1077	1080	1083	1086	1089	1092	1095	1098	1101	1104	1107	1110	1113	1116	1119	1122	1125	1128	1131	1134	1137	1140	1143	1146	1149	1152	1155	1158	1161	1164	1167	1170	1173	1176	1179	1182	1185	1188	1191	1194	1197	1200	1203	1206	1209	1212	1215	1218	1221	1224	1227	1230	1233	1236	1239	1242	1245	1248	1251	1254	1257	1260	1263	1266	1269	1272	1275	1278	1281	1284	1287	1290	1293	1296	1299	1302	1305	1308	1311	1314	1317	1320	1323	1326	1329	1332	1335	1338	1341	1344	1347	1350	1353	1356	1359	1362	1365	1368	1371	1374	1377	1380	1383	1386	1389	1392	1395	1398	1401	1404	1407	1410	1413	1416	1419	1422	1425	1428	1431	1434	1437	1440	1443	1446	1449	1452	1455	1458	1461	1464	1467	1470	1473	1476	1479	1482	1485	1488	1491	1494	1497	1500	1503	1506	1509	1512	1515	1518	1521	1524	1527	1530	1533	1536	1539	1542	1545	1548	1551	1554	1557	1560	1563	1566	1569	1572	1575	1578	1581	1584	1587	1590	1593	1596	1599	1602	1605	1608	1611	1614	1617	1620	1623	1626	1629	1632	1635	1638	1641	1644	1647	1650	1653	1656	1659	1662	1665	1668	1671	1674	1677	1680	1683	1686	1689	1692	1695	1698	1701	1704	1707	1710	1713	1716	1719	1722	1725	1728	1731	1734	1737	1740	1743	1746	1749	1752	1755	1758	1761	1764	1767	1770	1773	1776	1779	1782	1785	1788	1791	1794	1797	1800	1803	1806	1809	1812	1815	1818	1821	1824	1827	1830	1833	1836	1839	1842	1845	1848	1851	1854	1857	1860	1863	1866	1869	1872	1875	1878	1881	1884	1887	1890	1893	1896	1899	1902	1905	1908	1911	1914	1917	1920	1923	1926	1929	1932	1935	1938	1941	1944	1947	1950	1953	1956	1959	1962	1965	1968	1971	1974	1977	1980	1983	1986	1989	1992	1995	1998	2001	2004	2007	2010	2013	2016	2019	2022	2025	2028	2031	2034	2037	2040	2043	2046	2049	2052	2055	2058	2061	2064	2067	2070	2073	2076	2079	2082	2085	2088	2091	2094	2097	2100	2103	2106	2109	2112	2115	2118	2121	2124	2127	2130	2133	2136	2139	2142	2145	2148	2151	2154	2157	2160	2163	2166	2169	2172	2175	2178	2181	2184	2187	2190	2193	2196	2199	2202	2205	2208	2211	2214	2217	2220	2223	2226	2229	2232	2235	2238	2241	2244	2247	2250	2253	2256	2259	2262	2265	2268	2271	2274	2277	2280	2283	2286	2289	2292	2295	2298	2301	2304	2307	2310	2313	2316	2319	2322	2325	2328	2331	2334	2337	2340	2343	2346	2349	2352	2355	2358	2361	2364	2367	2370	2373	2376	2379	2382	2385	2388	2391	2394	2397	2400	2403	2406	2409	2412	2415	2418	2421	2424	2427	2430	2433	2436	2439	2442	2445	2448	2451	2454	2457	2460	2463	2466	2469	2472	2475	2478	2481	2484	2487	2490	2493	2496	2499	2502	2505	2508	2511	2514	2517	2520	2523	2526	2529	2532	2535	2538	2541	2544	2547	2550	2553	2556	2559	2562	2565	2568	2571	2574	2577	2580	2583	2586	2589	2592	2595	2598	2601	2604	2607	2610	2613	2616	2619	2622	2625	2628	2631	2634	2637	2640	2643	2646	2649	2652	2655	2658	2661	2664	2667	2670	2673	2676	2679	2682	2685	2688	2691	2694	2697	2700	2703	2706	2709	2712	2715	2718	2721	2724	2727	2730	2733	2736	2739	2742	2745	2748	2751	2754	2757	2760	2763	2766	2769	2772	2775	2778	2781	2784	2787	2790	2793	2796	2799	2802	2805	2808	2811	2814	2817	2820	2823	2826	2829	2832	2835	2838	2841	2844	2847	2850	2853	2856	2859	2862	2865	2868	2871	2874	2877	2880	2883	2886	2889	2892	2895	2898	2901	2904	2907	2910	2913	2916	2919	2922	2925	2928	2931	2934	2937	2940	2943	2946	2949	2952	2955	2958	2961	2964	2967	2970	2973	2976	2979	2982	2985	2988	2991	2994	2997	3000
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MINES—Continued

[illegible][illegible][illegible][illegible][illegible]

MINES									
Central Rand									
£31.1	525	Durban Deep R1	£19.2	1 1/2	+	-	-	-	-
10	259	East Rand P1	£12.4	1 1/2	+	+	+	+	+
10	181	Roodepots R1 R2	10	1000	+	+	+	+	+
10	58	Seamer & Jac R02	40	15	+	+	+	+	+
10	75	West Rand R1	525	3	200	+	+	+	+
Eastern Rand									
191	52	Buckton 90c	217 1/2	1 3/4	104 1/2	1	131 1/2		
107	59	W.C. Modderfont 5c	271	1 3/4	+	+	+		
107	69	East Diggers R1	278	1 3/4	+	+	+		
111	128	East Diggers R2	133	1 3/4	101 1/2	1	14		
111	128	East Diggers 25c	117	1 3/4	101 1/2	1	14		
141	52	Levins 5c	278 1/2	1 3/4	103 1/2	1	15	7	
158	63	Mamelsburg 25c	295	1 3/4	104	1	16	8	
158	63	S African La 25c	16	1 3/4	105	1	16	9	
158	63	Vlaakfontein 70c	225	3	930	1	18	8	
158	63	Whitehall R1	223 1/2	3	101 1/2	1	12	8	
158	63	W. Rand 25c	136	1 3/4	+	+	+	+	+
Far West Rand									
12	159	Blyvoor 25c	£10	1 1/2	100 1/2	1	14 1/2		
12	159	Rustenburg 25c	10	1 1/2	100 1/2	1	14 1/2		

22	104	Drehturm R 20	20	10	2	1
23	50	Drehmusein R 1	125	1	0200	54
24	20	Drehmusein R 2	125	1	0200	54
25	104	Drehmusein R 3	125	1	0200	54
26	104	Drehmusein R 4	125	1	0200	54
27	104	Drehmusein R 5	125	1	0200	54
28	104	Drehmusein R 6	125	1	0200	54
29	104	Drehmusein R 7	125	1	0200	54
30	104	Drehmusein R 8	125	1	0200	54
31	104	Drehmusein R 9	125	1	0200	54
32	104	Drehmusein R 10	125	1	0200	54
33	104	Drehmusein R 11	125	1	0200	54
34	104	Drehmusein R 12	125	1	0200	54
35	104	Drehmusein R 13	125	1	0200	54
36	104	Drehmusein R 14	125	1	0200	54
37	104	Drehmusein R 15	125	1	0200	54
38	104	Drehmusein R 16	125	1	0200	54
39	104	Drehmusein R 17	125	1	0200	54
40	104	Drehmusein R 18	125	1	0200	54
41	104	Drehmusein R 19	125	1	0200	54
42	104	Drehmusein R 20	125	1	0200	54
43	104	Drehmusein R 21	125	1	0200	54
44	104	Drehmusein R 22	125	1	0200	54
45	104	Drehmusein R 23	125	1	0200	54
46	104	Drehmusein R 24	125	1	0200	54
47	104	Drehmusein R 25	125	1	0200	54
48	104	Drehmusein R 26	125	1	0200	54
49	104	Drehmusein R 27	125	1	0200	54
50	104	Drehmusein R 28	125	1	0200	54
51	104	Drehmusein R 29	125	1	0200	54
52	104	Drehmusein R 30	125	1	0200	54
53	104	Drehmusein R 31	125	1	0200	54
54	104	Drehmusein R 32	125	1	0200	54
55	104	Drehmusein R 33	125	1	0200	54
56	104	Drehmusein R 34	125	1	0200	54
57	104	Drehmusein R 35	125	1	0200	54
58	104	Drehmusein R 36	125	1	0200	54
59	104	Drehmusein R 37	125	1	0200	54
60	104	Drehmusein R 38	125	1	0200	54
61	104	Drehmusein R 39	125	1	0200	54
62	104	Drehmusein R 40	125	1	0200	54
63	104	Drehmusein R 41	125	1	0200	54
64	104	Drehmusein R 42	125	1	0200	54
65	104	Drehmusein R 43	125	1	0200	54
66	104	Drehmusein R 44	125	1	0200	54
67	104	Drehmusein R 45	125	1	0200	54
68	104	Drehmusein R 46	125	1	0200	54
69	104	Drehmusein R 47	125	1	0200	54
70	104	Drehmusein R 48	125	1	0200	54
71	104	Drehmusein R 49	125	1	0200	54
72	104	Drehmusein R 50	125	1	0200	54
73	104	Drehmusein R 51	125	1	0200	54
74	104	Drehmusein R 52	125	1	0200	54
75	104	Drehmusein R 53	125	1	0200	54
76	104	Drehmusein R 54	125	1	0200	54
77	104	Drehmusein R 55	125	1	0200	54
78	104	Drehmusein R 56	125	1	0200	54

138	Alen Com SA 61.50	140	1.07	0.07	2.0	0.0
139	Anglo Am, Gold R	141	0.16	0.16	2.0	0.0
140	Anglo Am, Gold R	142	0.16	0.16	2.0	0.0
141	Anglo Am, Gold R	143	0.16	0.16	2.0	0.0
142	Anglo Am, Gold R	144	0.16	0.16	2.0	0.0
143	Anglo Am, Gold R	145	0.16	0.16	2.0	0.0
144	Anglo Am, Gold R	146	0.16	0.16	2.0	0.0
145	Anglo Am, Gold R	147	0.16	0.16	2.0	0.0
146	Anglo Am, Gold R	148	0.16	0.16	2.0	0.0
147	Anglo Am, Gold R	149	0.16	0.16	2.0	0.0
148	Anglo Am, Gold R	150	0.16	0.16	2.0	0.0
149	Anglo Am, Gold R	151	0.16	0.16	2.0	0.0
150	Anglo Am, Gold R	152	0.16	0.16	2.0	0.0
151	Anglo Am, Gold R	153	0.16	0.16	2.0	0.0
152	Anglo Am, Gold R	154	0.16	0.16	2.0	0.0
153	Anglo Am, Gold R	155	0.16	0.16	2.0	0.0
154	Anglo Am, Gold R	156	0.16	0.16	2.0	0.0
155	Anglo Am, Gold R	157	0.16	0.16	2.0	0.0
156	Anglo Am, Gold R	158	0.16	0.16	2.0	0.0
157	Anglo Am, Gold R	159	0.16	0.16	2.0	0.0
158	Anglo Am, Gold R	160	0.16	0.16	2.0	0.0
159	Anglo Am, Gold R	161	0.16	0.16	2.0	0.0
160	Anglo Am, Gold R	162	0.16	0.16	2.0	0.0
161	Anglo Am, Gold R	163	0.16	0.16	2.0	0.0
162	Anglo Am, Gold R	164	0.16	0.16	2.0	0.0
163	Anglo Am, Gold R	165	0.16	0.16	2.0	0.0
164	Anglo Am, Gold R	166	0.16	0.16	2.0	0.0
165	Anglo Am, Gold R	167	0.16	0.16	2.0	0.0
166	Anglo Am, Gold R	168	0.16	0.16	2.0	0.0
167	Anglo Am, Gold R	169	0.16	0.16	2.0	0.0
168	Anglo Am, Gold R	170	0.16	0.16	2.0	0.0
169	Anglo Am, Gold R	171	0.16	0.16	2.0	0.0
170	Anglo Am, Gold R	172	0.16	0.16	2.0	0.0
171	Anglo Am, Gold R	173	0.16	0.16	2.0	0.0
172	Anglo Am, Gold R	174	0.16	0.16	2.0	0.0
173	Anglo Am, Gold R	175	0.16	0.16	2.0	0.0
174	Anglo Am, Gold R	176	0.16	0.16	2.0	0.0
175	Anglo Am, Gold R	177	0.16	0.16	2.0	0.0
176	Anglo Am, Gold R	178	0.16	0.16	2.0	0.0
177	Anglo Am, Gold R	179	0.16	0.16	2.0	0.0
178	Anglo Am, Gold R	180	0.16	0.16	2.0	0.0
179	Anglo Am, Gold R	181	0.16	0.16	2.0	0.0
180	Anglo Am, Gold R	182	0.16	0.16	2.0	0.0
181	Anglo Am, Gold R	183	0.16	0.16	2.0	0.0
182	Anglo Am, Gold R	184	0.16	0.16	2.0	0.0
183	Anglo Am, Gold R	185	0.16	0.16	2.0	0.0
184	Anglo Am, Gold R	186	0.16	0.16	2.0	0.0
185	Anglo Am, Gold R	187	0.16	0.16	2.0	0.0
186	Anglo Am, Gold R	188	0.16	0.16	2.0	0.0
187	Anglo Am, Gold R	189	0.16	0.16	2.0	0.0
188	Anglo Am, Gold R	190	0.16	0.16	2.0	0.0
189	Anglo Am, Gold R	191	0.16	0.16	2.0	0.0
190	Anglo Am, Gold R	192	0.16	0.16	2.0	0.0
191	Anglo Am, Gold R	193	0.16	0.16	2.0	0.0
192	Anglo Am, Gold R	194	0.16	0.16	2.0	0.0
193	Anglo Am, Gold R	195	0.16	0.16	2.0	0.0
194	Anglo Am, Gold R	196	0.16	0.16	2.0	0.0
195	Anglo Am, Gold R	197	0.16	0.16	2.0	0.0
196	Anglo Am, Gold R	198	0.16	0.16	2.0	0.0
197	Anglo Am, Gold R	199	0.16	0.16	2.0	0.0
198	Anglo Am, Gold R	200	0.16	0.16	2.0	0.0

FINANCIAL TIMES SURVEY

Courier and Parcel Services

Speedy collection and delivery, essential to meet the changing needs of industry and commerce, has led to the rapid growth of express parcel carriers and air courier services.

Hazel Duffy reports

THE GROWING requirement for speed in the delivery of parcels and packages has given rise to two new businesses in the distribution sector over the past few years: same-day or next-day delivery of parcels, sometimes called the premium parcels or express parcels business, and the expanding air courier business.

The importance now attached to swift delivery results from the changing needs of industry and commerce; the enormous growth in the use of computers, for instance, makes necessary the speedy collection and delivery of computer tapes between offices in the same group of companies, domestically and internationally.

Likewise, the growth of trade with the oil-rich countries, where postal services frequently remain underdeveloped, has led to a preference for courier-accompanied international exchange of documents such as contracts, for which customers are prepared to pay a premium over express postal services.

Air Couriers: A special factor which boosted the air courier

business was the relaxation by the UK Government of the postal monopoly on time-sensitive material two years ago. The practice of taking documents by couriers using scheduled air services has existed for a considerable period, but this Government-inspired change, designed to increase competition across the whole telecommunications and exchange of information field, has enabled the private sector to step in and create an intensely competitive environment. The Post Office has also responded with its international Datapost services.

U.S. market

The air courier system has worked in the U.S. for many years where the continental size of the country and an unsatisfactory postal system stimulated the need for a speedy and reliable service. The U.S. market probably accounts for one-half to two-thirds of total value of the air courier business, which in itself is extremely difficult to chart accurately. Estimates vary from \$800m



DHL loading packages for worldwide distribution on their helicopter pad on the south bank of the Thames

upwards to \$2bn with a potential market frequently put at around \$5bn. The active encouragement for the marketing of the business which the Telecommunications Act 1981 gave to the UK has made London one of the leading centres for air couriers.

To leading companies like Hong Kong-owned DHL and British-owned IML, have been added numerous new companies with parent companies around the world, all anxious to pick up UK-based business. The expansion of the air courier business is not entirely welcome to the airlines. Certain courier companies are expressing their annoyance over what they term a "constant battle with the airlines in spite of the fact that we give them so much business." The airlines themselves have been slow to organise their own courier systems; sometimes they were refused permission by their governments who want to protect postal monopolies, but they

have also demonstrated a lack of organisational ability and flexibility in this growing sector.

The airlines are also smarting from the fact that they have lost a significant part of their freight business to the couriers, who generally offer a much cheaper and speedier service than the sending of documents, etc by air freight.

Other criticisms have been levelled at air couriers, which everybody in the business readily admits has attracted some "cowboys." One line of criticism which asserts that they are taking business away from the state-run postal systems is answered by the Association of International Air Courier Services (AIACS). It maintains that the area of competition between air couriers and express post is very small, and emphasises the extra facilities which air couriers offer their customers. These can be summarised as:

(a) Servicing many areas where postal facilities are unreliable or virtually non-existent—a large part of the air courier business is for customers exchanging documents with countries in the Middle and Far East, and Africa, where the inadequacies of the postal system can lead to long delays, for instance, in the signing of contract material.

Flexible service

(b) Air Couriers can offer a more flexible service—they arrange, for example, that packages be picked up from offices all over the country, and can offer facilities geared to particular groups of users, such as banks.

(c) Air couriers can accompany the package, or will at least have a courier on board an aircraft if the packages travel in the hold. This brings a degree of security which cannot be so readily guaranteed by express postal services. Customers use courier ser-

vices mostly for the carriage of two categories of package: time-sensitive business documents and data of no commercial value, such as legal documents, financial and accounting information, cancelled cheques, shipping documents and tenders.

The AIACS says these are the most common items for transportation. The other category is for items with a commercial value, such as computer tapes, merchandise, samples, spare parts, etc. which require more detailed customs documentation and therefore sometimes a longer transit time.

From the point of view of the courier, extensive organisation of the collection, sorting, transporting and customer clearance, are all necessary if the service is to be successful financially. The air courier business would seem simple to the outsider; in many respects it is, but reliability and security are valued just as much by the customer as competitive pricing

CONTENTS

POST OFFICE: a marketing drive on two fronts	II
What the British Telecommunications Act 1981 did for competition	II
AIR COURIER SECTOR: demand stays buoyant for carrying time-sensitive material	III
MARKETING: uncertainty over whom to pitch the sales at	III
CASE STUDIES:	
USER: How Bristow Helicopters chose its courier services	IV
OPERATOR: Air Courier Systems	IV
INTERNATIONAL AIRLINES: Concorde plays its part	V
PROFILE: Association of International Air Courier Services	V
BRITISH RAIL: Night Star aims for the overnight parcels market	VI
EXPRESS PARCELS: new profitable areas still to be found	VI
Editorial production: Arthur Dawson. Design: Philip Hunt	

and speed, and these are qualities which are built up through experience. The large courier companies have worldwide networks of offices. They use mostly scheduled aircraft (two or three now offer Concorde on the North Atlantic), although some charter their own aircraft. Some, such as DHL and TNT, which has recently expanded in the air courier business by the purchase of Skypak, are involved extensively in transport and distribution.

Others, like Jardine, are part of international air cargo and freight forwarders, while some have specialised only as air couriers. Most operators tend to specialise in certain parts of the world, or certain countries, such as Nigeria and Saudi Arabia, where there is a large volume of international business transactions.

Customers should be aware that some companies make extensive use of agencies rather than going to the expense of establishing and running their own offices; there is large-scale consolidation of services between courier companies—one courier, for instance, acting for several companies on a particular journey; and there is considerable sub-contracting of collection and delivery services in order to cover the high costs that this involves. Also, the carriage rates quoted are commonly those for the passage by air alone—collection, customs clearance, etc. will normally be treated as extra charges.

With these reservations in mind, which moderate the message which some of the aggressive marketing of the courier companies is putting over, the increase in competition in the past two years has been of considerable benefit to the growing number of customers using air courier services. As a service industry, it has much to offer industry and commerce at a price which is usually considerably less than air freight. Overshadowing the predictions of growth in the sector, however, must be the rapidly developing area of electronic data transmission. Although there will always be legal documents which have to be originals, there will almost certainly be a slowing down to the expansion of the international transport of information with consequences for the air couriers.

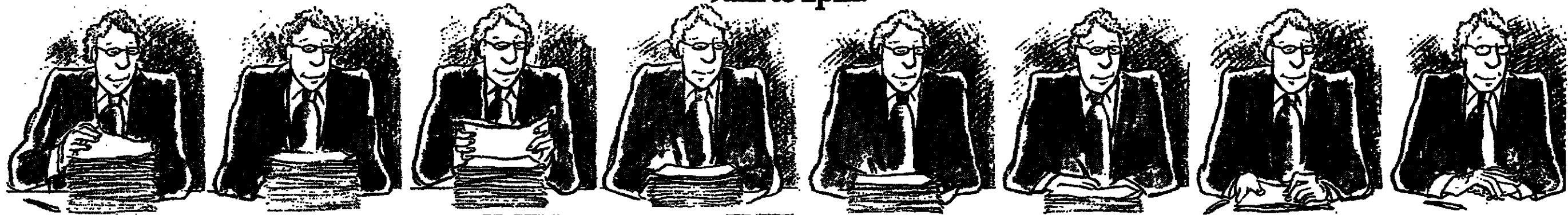
Premium parcels services. The bulk of parcels distribution takes two to three days from collection to delivery, which for most purposes is fast enough. A growth market in more rapid parcels distribution, however, has emerged in the past few years which is in line with the increasing sophistication of the whole distribution process. It is a sector which, perhaps surprisingly, has to some extent defied the recession—the main explanation being that the pressures to improve operating efficiencies throughout the business sector have made companies reluctant to carry surplus stock. In fact, many companies now operate on very tight stock turns and are dependent on reliable and swift transport to ensure that they have the materials and/or finished products in their factories and on their shelves at

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How long a working day does your courier give you?



9am to 2pm?



Or 9am to 6pm?

The Stock Exchange and commodity markets close by 5.30pm.

And, if you have to get a document to New York by the next morning, the average courier service closes at 2pm.

So your work is either rushed, incomplete or impossible. Unless you call World Courier.

We'll collect your document in Central London at 6pm.

So you'll have a whole day to work on it, and you can make last-minute decisions based on

last-minute information.

And we'll deliver it at 9am. So they'll have a complete working day in New York.

But we not only take less time. We also take more care.

We'll see your document safely on and off the plane at

We collect.		We deliver.	
London	6pm	Amsterdam	9am
Manchester	5pm	Brussels	9am
Glasgow	5pm	Frankfurt	9am
Birmingham	4.30pm	New York	9am
Edinburgh	4pm	Paris	9am
Aberdeen	4pm	Zurich	9am

Heathrow and JFK in New York.

We'll know exactly where it is from the moment we collect to the moment we deliver it.

And we'll phone to tell you when it was delivered and who received it.

As the table shows, our service isn't confined to London and New York.

We'll go from anywhere in Europe and deliver to anywhere else in the world. Wherever it is, we always operate to the same high standards.

In fact, there seems to be no

reason to use any other courier service.

Well, to be honest, there is one reason. Ours costs much, much more.

Though you might be inclined to overlook that when you phone us at 6.00pm one evening.

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Please send me more details of your extremely fast, worldwide service.

Name _____ Company _____
Address _____
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A service nobody else can deliver.

COURIER AND PARCEL SERVICES II

Marketing is now more aggressive, says Jason Crisp

PO widens its field

IN THE PAST three years or so the British Post Office has been trying to prove it is no longer a sleepy, unresponsive, uncommercial bureaucracy. One result has been a flurry of new services ranging from couriers to electronic mail.

The Post Office was a government department until 1969 when it became a corporation—a nationalised industry. Any hopes that the Post Office would become more businesslike in its affairs were soon dashed. For most of the 1970s the Post Office's performance continued to decline for both letters and parcels while prices rocketed far faster than the general rate of inflation.

A number of factors lie behind the more recent significant improvements in the Post Office which is now much more aggressive in the parcels business and has established a strong presence in both international and domestic courier services.

One seed which was sown about the time of the original incorporation which took a long time to germinate was the establishment of a marketing department, something not apparently needed when it was just a government department. It took many years for the Post Office's marketing department to become effective. Yet now Mr Ron Dearing, chairman of the Post Office, acknowledges

that marketing is one of the two most crucial aspects to the successful running of the corporation. (The other is the management of labour.) The Post Office is very labour intensive with around 80 per cent of its costs accounted for by pay, pensions and social security.

With very high fixed costs it is essential that the Post Office maintains its volume of traffic if it is to avoid a downward spiral of higher prices and lower volumes of business. Post Office policy—in spite of the recession and in spite of the impending threat of electronic mail—is now to expand its business.

A spur

There are a number of more recent factors behind the improvements in the Post Office. A damning report on the London letter service by the Monopolies and Mergers Commission in 1980 provided a spur for the Post Office to improve upon the disastrous service levels which reached record lows in the summer of 1979.

The splitting of the Post Office into two corporations, telecommunications (British Telecom) and the postal business with Giro gave the mails business a new identity. No longer overshadowed by its more glamorous telecommunications sister or cushioned by its large profits the Post Office had

to become more determined to ensure its own survival.

In addition to the split the Post Office saw a small part of its monopoly chipped away. Most significantly it made the courier business a respectable and completely legal competitor for time sensitive documents.

The result has been a much more aggressive attitude by the Post Office in practically all its activities. The parcel business has shown a substantial growth in the past three years with a further increase of 8 per cent in the first half of the current financial year.

The Post Office expects to carry over 180m parcels in the current financial year, ending March 1983. Although this is significantly higher than 1977-1978 when it carried 160m parcels it is still below the 230m achieved in the mid-1960s.

One aspect of the Post Office's new stronger marketing outlook is its willingness to provide a range of different services to meet different needs. For instance there are now over 25 different ways for a company to send a parcel which range from rapid delivery at short notice and high price to bulk despatch from mail order houses.

Earlier this year the Post Office extended its parcel contract arrangements to small businesses with relatively small volumes. If a company sends

1,000 parcels a year it can become a contract customer which gives them facilities such as regular billing instead of paying for individual items, regular collections, and weighing and stamping on their own premises.

Bigger range

Another recent extension of the Post Office's parcel business was to increase both the maximum size and weight of a package it would carry.

The Post Office has also become much more aggressive in the courier business. This has been welcomed by some of its competitors who argue that one of the greatest constraints on the growth of the business is public awareness. They argue that money spent on promoting any courier business is likely to increase the size of the market as much as it will boost an organisation's market share.

The Post Office started Datapost in 1979 as an overnight service for the computer industry transporting magnetic tapes about the country. It developed slowly and was not effectively marketed for many years.

Datapost has now become a major service both domestically and internationally. Although Datapost goes to fewer countries than many of the international air couriers it is widely used and is often cheaper for the



The Flying Pillar Box is part of the Post Office's Datapost services of regular night flights in the UK. It can carry more than a ton of mail.

casual user. High volume users and customers needing a wider range of locations are more likely to opt for the commercial couriers.

The Post Office has the advantage and disadvantage of having to deal with overseas postal administrations. Before it will establish a Datapost link it has to ensure that its counterpart can provide the necessary standard of service. Private couriers always point out that they remain responsible for an internationally sent package at both ends.

Datapost now goes to more

than 28 countries including the U.S., Australia, France, West Germany, Singapore, South Africa, Qatar and Taiwan. Within the UK, Datapost has expanded considerably.

A small fleet of planes fly across the country overnight delivering Datapost. The service has recently been extended and on the busiest route a larger plane has been chartered.

The Post Office has also gone into the motorbike courier service with Expresspost which provides a fast collection and delivery service in London and 50 centres within the UK.

The Act that brought in more competition

THE British Telecommunications Act 1981 paved the way for open competition by the courier services by removing some of the Post Office's exclusive privileges for transporting mail.

The Act split the Post Office into two businesses, telecommunications now known as British Telecom and mails and Giro, still known as the Post Office. Compared with the liberalisation of the UK telecommunications industry the changes to the postal business were relatively small.

A stick

One important part of the Act was to arm the Secretary of State for Industry with a stick to beat the Post Office if it either became very inefficient or failed to deliver the mail through industrial action.

If the quality of service falls, either nationally or locally, below government set targets the Secretary of State has powers to lift the Post Office's letter monopoly. This may be for a brief period, such as in the case of industrial action, or for longer, in the case of continued poor service.

For courier companies one of the most important parts of the Act allowed open competition for the delivery of "time sensitive" mail for which there must be a notional minimum charge of £1. This legalised the widespread practice of motorbike and international couriers. It has also meant that they could come out of the mailroom and promote their services openly.

Under the Act charities are permitted to deliver Christmas cards and document exchanges are able to carry mail in bulk between centres. Document exchanges are mainly used by lawyers, accountants and insurance companies. Each company has its own locked box in its local document exchange which can be used like a letter box. Messengers visiting the exchange several times a day will leave documents for other organisations in their respective boxes and collect the mail from their own box.

Jason Crisp

Need for speed

CONTINUED FROM PREVIOUS PAGE

the very time that they are required.

Large manufacturers and retailers mostly have their own distribution fleets of vehicles and vans, but they will usually supplement these by using independent carriers for a part of their requirements. Smaller companies may well depend entirely on external carriers for distribution.

Over several years, there has been a tendency for companies to hand over at least part of their distribution in a "total distribution package," in which the carrier will be responsible for the vehicles, drivers, warehousing, and frequently for stock control, in return for a contract fee.

This is just as much the case with smaller items, which fall into the parcels market, as with the distribution of raw materials, semi-finished goods, etc. There is also a very large distribution sector which is dedicated to the movement of spares, where speed and reliability are essential factors in the success of a business.

The operators can be divided into the following, each of them offering "premium" services (generally defined as same day or next day delivery): the Post Office, British Rail, and the private sector. Competition between the operators is intense, but the attractions of better margins than the bulk of the parcels business offers has ensured that public and private sectors throw considerable marketing resources behind their services.

Both the Post Office and BR will offer collection services, for a fee, but most of their premium parcels business entails the customer taking the package to the Post Office or railway station.

The Post Office uses road, rail, and air services to effect their premium service; BR uses rail obviously, but this is topped up by road transport for delivery to the door; the private sector—National Carriers and Roadline (part of the National

Freight Consortium), Atlas Express, Carryfast, United Parcels, Securicon, Lex Wilkinsons, TNT and others—all offer national networks using road fleets, while TNT has introduced recently a same-day service using National Express coach facilities.

The nature of the business is such that the operators are intent on improving their service in order to keep up with the competition—new services frequently being introduced to gain a marketing edge in this highly volatile sector—but attempting to do this in such a way that their profit margins are not swallowed up.

Amalgamation

The NFC has amalgamated the management of its National Carriers and Roadline parcels operations (although keeping on the separate identities) in an attempt to make parcels operations profitable. Other parcels carriers, although perhaps not loss-making, have difficulty in making much profit out of general parcels distribution—hence the importance which is placed on premium parcels and the higher rates that can be charged.

Systems organisation is at the heart of efficient distribution, in which computerised freight management systems play an increasingly important role. The development of such systems, combined with advanced technology handling methods at the sorting stage, ensure that the more progressive parcels distributors can look forward with some optimism.

The demand for reliable, speedy, and high security deliveries is likely to outpace the general recovery in distribution levels when the recession ends. Experience has demonstrated that customers are willing to pay a premium for any of these services. This reflects, in turn, the reassessment of their methods of operation which the recession has forced on most sectors of the economy.



Part of the electronic conveyor system at Securicon's Postal Road London parcel sorting depot.

WE TAKE THE PANIC OUT OF URGENT DELIVERIES.

Datapost Datapost Datapost Datapost



Datapost handles goods and documents, just one or thousands, carries parcels up to 27½kg, delivers the next morning in the UK, operates world wide and collects from your door with a contract. For details call Freephone Datapost. For action, call at any main post office.

Datapost
A Royal Mail Special Service

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COURIER AND PARCEL SERVICES III

Expansion brings problems for the 100 companies in the field, says David Churchill

Courier sector keeps on growing

THE RECESSION has proved to have been both a boon and a drawback to the courier sector. On one hand, the need by commercial companies to compete more effectively during the recession has meant they have made increasing use of courier services. On the other, the time-sensitive material so as to maintain their business during the recession.

However, this expansion of demand for courier services has also, not surprisingly, attracted the "cowboys" to the trade. Companies that are prepared to cut corners in order to reduce the apparent costs of the service. While many of the small and newer entrants to the courier market are reputable and efficient operators—able to offer lower prices because of lower overheads—there are undoubtedly some less reputable operators who can do irreparable damage to the confidence of companies in using courier services.

Lucrative

Like any fairly new and fast-growing industry, the problem of the "cowboys" will only be solved by time—and the efforts of the leading operators to ensure that standards are kept as high as possible.

Trade estimates suggest that there are approaching 100 companies offering courier services both within the UK and to overseas destinations. It is the services offered within the UK that has become the most competitive—and potentially the most lucrative.

Since the Americans were first into the courier market it is not surprising that a number of the leading UK operators are modelled—and, indeed, owned by—U.S. companies.

Air Couriers International, for example, is a well-established U.S. operator with headquarters in Phoenix, Arizona, which opened up its UK office in 1976. Air Couriers specialises in offering "on board" international air courier services and operates a team of couriers flying every day to major cities throughout the world. It offers a 4 pm collection in central London with delivery door-to-door in central New York no later than 9 am the following morning. This particular service

SOME LEADING OPERATORS IN THE UK				
Courier company Parent	Country of ownership	Number of employees and offices, UK	UK turnover	
Air Couriers International	U.S.	25; two offices	\$750,000	\$25m (intnl.)
Airsystems Couriers	U.S.	50; 3 offices; 18 offices worldwide; agencies worldwide	\$11m	
David Martin Couriers	UK	12; 2 offices; 4 international offices; 20-25 agencies abroad		\$2m approx.
DHL International (UK)	Hong Kong	500; 16 offices; 404 world-wide; 2-3 agencies	n.a.	
IML Air Couriers	UK	170; 9 offices	n.a.	
Jardine Air Couriers	Hong Kong		n.a.	
Parolator	U.S.	1 office UK; 5 international	n.a.	
Securicor Air Couriers	UK	175; 3 offices UK; 17 world-wide; 50 agents	\$5m	
TNT Skypak	Australia	400	\$10m approx.	
Tradewinds Express	UK	20; 6 offices†	\$2m expected this year	
World Courier UK	U.S.	50	\$55m†	

† Wholly owned offices include one in UK. ‡ International turnover: UK turnover not available. Statistics: Gay Firth

costs £30 for the first half kilo, a rate which includes collection, delivery, customs clearance charges, insurance, a personal courier and an automatic free proof of delivery.

Another leading company is DHL which was founded in 1969 by three American shipping executives who needed to shift their paperwork between countries quicker than the existing systems allowed.

DHL now has some 400 offices in 92 countries and in the UK claims that its substantial operation has enabled it to "invest very heavily in customer services" with more collection and delivery staff than any other company, and specialist sales units to cover particular industry sectors such as banking.

DHL's most common consignments in fact are bank material, computer tapes, spare parts, and shipping papers. It claims that about 80 per cent of bank material travelling by

courier from Europe to the U.S. is carried by its couriers.

To speed operations in London, New York, and Houston, the company uses its own helicopters.

DHL also points out that, unless required to do so by national laws, it does not use agencies in individual countries but owns and operates all its offices.

IML, however, believes firmly in the franchise method to achieve overseas growth and offer a broader service. IML, which was founded 10 years ago by an ex-helicopter pilot Andrew Walters, has expanded from an uncomplicated messenger company to a major world-wide courier concern with the help of franchising. (Although IML prefers to call it a "consortium of partners all over the world.")

IML's franchise fees are based on the population of the country concerned and other factors such as industrial

activity and existing courier traffic. In addition to the franchise fee, which is usually recovered within 15 months of operation, there is a royalty payment on packages handled. This payment is partly for international marketing and promotion carried out by IML.

World Courier, which has 70 offices in 44 countries, does not operate a franchise system but does use agents. Including these, its network extends to 260 cities with, according to managing director Mr Wayne Heyland, "a

delivery capability well in excess of this figure."

Mr Heyland claims that World Courier is "rather different to other international couriers in that we offer a premium service and thus do not seek to be the largest in terms of pure volume." However, he adds that World Courier has world-wide billings of some \$55m.

One feature of the major operators is that they offer a complete package—not only air couriers but also messenger services. Airsystems Couriers, for example, has a city-based fleet of motorcycle messengers—called Quickstep messengers—which handle over 2,000 deliveries a day.

Merger

Airsystems was formed through the merger of two smaller courier companies—Londonair Courier Service and Stepsavers—and has dual headquarters in New York and London.

Although most of the major operators have extensive overseas networks of offices and couriers—and competition between them is fierce—there is obviously some element of inter-company trading. The London subsidiary, Tradewinds Express, for example, which is the largest courier company to Africa, sells space to most of the other major couriers who have packages to deliver or collect from Africa.

It is likely that the intense competition between companies for a share of the fast-expanding courier market will lead increasingly to mergers between companies as operators seek to offer the most comprehensive service. The question remains, however, as to whether the present big operators will be able to hold their own against the aggressive competition from new companies now entering the market.

Introducing our International Couriers



Not quite what you expected? Well since we hand deliver between 3,000 and 5,000 international overnight packages in the City of London every day (more than all the other international courier companies combined) we think it's the most efficient way. Of course, we have our own fleets of radio controlled vehicles, light

aircraft etc. that all the major courier companies boast. But that's only half the story—we've been an International Air Courier for over ten years—and can offer a personalised service to suit the individual requirements of most companies—so if you'd like to know the full story, fill in the coupon or telephone—we'll get the information back to you—fast!

Overnight international desk to desk deliveries from as little as

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AIACS A member of Association of International Air Courier Services.

For further information on any or all our services, please tick relevant box or telephone 01-570 2121.

- ☐ International Courier Service ☐ International Mail Forwarding
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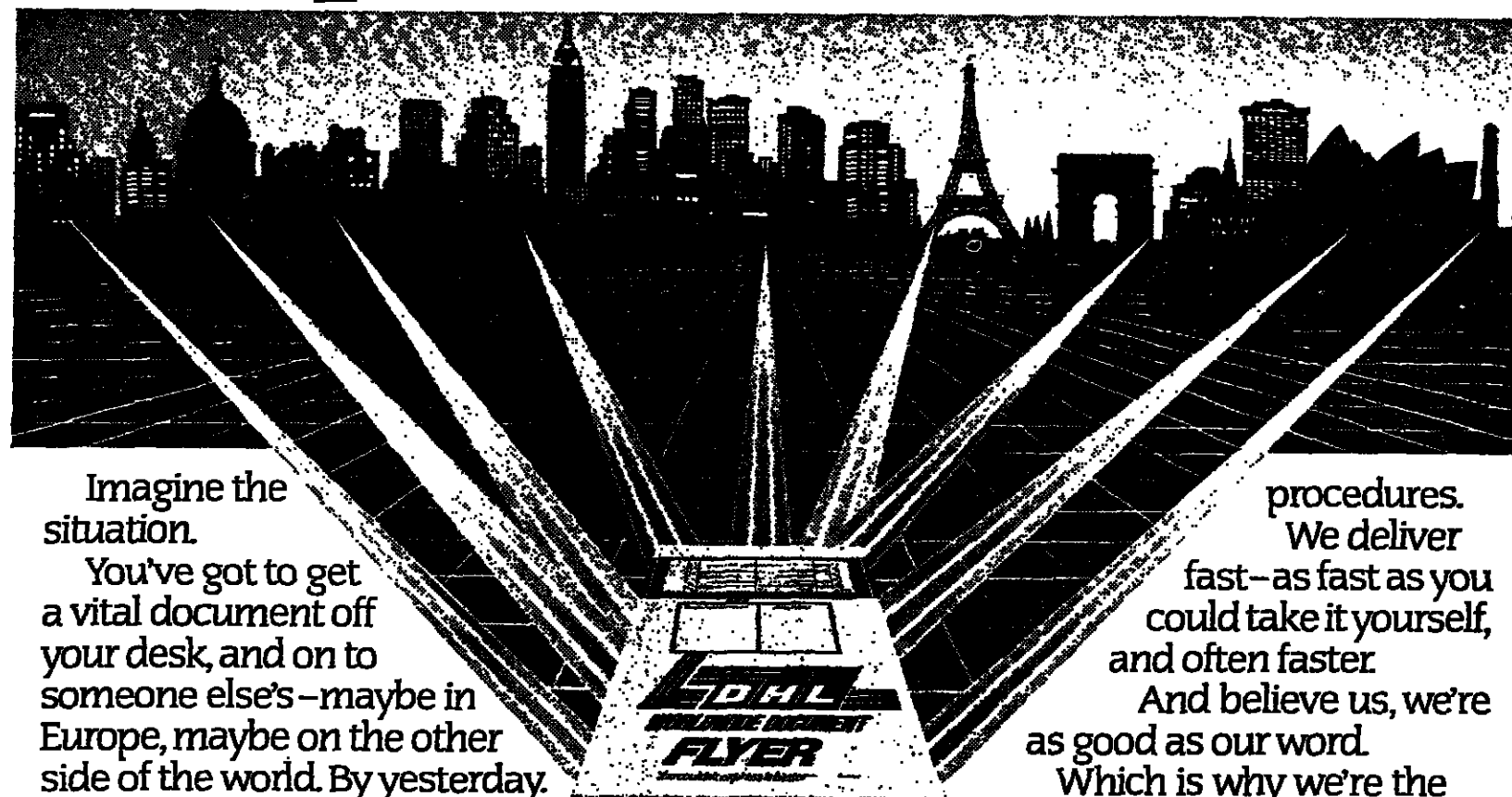
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Because we have more than 6,000 people operating out of over 400 fully-manned offices the world over.

And that includes 10 offices in the UK, who will call and pick up, no matter where you are.

And we have an intimate and unrivalled knowledge of airline and customs

procedures.

We deliver

fast—as fast as you could take it yourself, and often faster.

And believe us, we're

as good as our word.

Which is why we're the

world's most experienced courier network.

Next time you need to send a vital document or package anywhere in the world, call DHL.

You couldn't express it better.

Aberdeen-821454, Birmingham-6439541,
Bristol-211281, Edinburgh-225 3603,
Glasgow-226 3245, Leeds-452733,
Liverpool-236 6290, London-994 6433,
Manchester-228 0601, Newcastle-817032,
Cork-962200, Dublin-424622,
Shannon-41406.

DHL WORLDWIDE COURIER
You couldn't express it better

Marketing battle breaks out

A FIERCE marketing and advertising battle is being fought among the major courier companies to persuade potential users of courier services to use particular companies.

The only problem, however, is just who the advertising and promotional material should be aimed at. Should it be the chairman or managing director, their secretaries or personal assistants, or office managers or post-room staff? All these people can be the ones to deal with courier services but it remains very difficult for the courier operators to know at whom to aim their advertising.

Given such a broad potential market to reach, it is perhaps not surprising that courier advertising ranges from television to London Underground posters and direct mail-shots.

The big breakthrough in courier advertising came with the IBI Telecommunications Act which clarified the position of courier companies. DHL, one of the major courier operators, screened a television commercial the night the Act became law—leading to a 25 per cent surge in telephone calls from potential users almost overnight. By the end of 1981, such calls to DHL's offices were up by 40 per cent.

DHL was at that time using the Ted Bates agency but has subsequently switched to its international connections, which developed the catchphrase "You couldn't express it better."

Another courier company that has recently used television in a major way is the TNT group which was one of the first few advertisers on the fledgling Channel Four network. TNT spent some \$80,000 out of its \$150,000 advertising budget on its Channel Four campaign

The choice of Channel Four was, firstly, its novelty value—and also the fact that the cost of air-time was considerably cheaper than the major ITV network. The prime objective of the commercials—which starred actor Philip Latham of "Troubleshooters" fame—was to increase general awareness of TNT's operations, and these have "risen dramatically" according to the company.

TNT also used Tube posters, popular Press such as the London Evening Standard and the Miles London free-distribution magazine (aimed at secretaries) as well as commercial radio.

World Courier does not use television because it believes the potential market is too disparate for the target audience it is trying to reach. Out of its \$200,000 UK advertising budget last year, some 50 per cent was spent on above-the-line advertising with the other half going on direct mail marketing promotions.

Strategy

"Our advertising strategy is to establish us as a premium service and to differentiate us from other companies," says Mr Wayne Heyland, World Couriers' managing director. "We are very much a premium service aimed at AB businessmen."

Airsystems Couriers also bases its press advertising on the ABCI business market since the major area of its business is from large international companies trading in New York, London and the main financial centres of Europe.

Its budget is around \$250,000 and uses the quality daily and Sunday newspapers backed up by direct mail aimed at specific market sectors—such as inter-

national law firms, bankers, and brokers—with special local directory advertising as well.

Since air courier services operate on an international basis, they also have to advertise overseas. World Courier, for example, spends some \$250,000 in the U.S. and \$300,000 in Europe on advertising and marketing.

Airsystems has a U.S. advertising budget of about \$1m and goes for the businessman in New York in the same way as in London. However, it has also adopted some more general consumer advertising in New York. Airsystems also runs press and radio campaigns in other major U.S. business centres.

There is a school of thought among marketing directors of courier companies which believes that the best approach, given the segmented market of potential users, is to try to be very specific about the advertising targets they want to reach. IML, for example, uses specialist features about particular countries which are likely to be read by the professional and executive users of courier services rather than the broader approach of television or radio.

It also believes that public relations has an important role to play in below-the-line marketing support. One marketing director of a courier company quite bluntly made it clear that he was happy for some of the other companies such as DHL or TNT to use television and help create a market, and then to try to offer the best service to that market.

There is obviously no easy answer to the marketing of courier services and the problems are likely to intensify rather than diminish as more and more potential users are identified in different markets.

David Churchill

COURIER AND PARCEL SERVICES IV

Users are finding private courier services more cost-effective than the postal system. Phillip Hastings explains why

Competition raises the standard of service

GREATER reliability, faster delivery and, in certain cases, considerable cost savings—these are three of the principal advantages pinpointed by companies using courier services in preference to normal postal methods.

With the rapid development of courier operations over the past five years, many UK companies now use such services as a regular part of their business operation for passing on documents, etc. to overseas offices, personnel and customers. Some also use smaller services within the UK.

A good example of a company which has adopted the courier concept in a substantial way is Bristow Helicopters, of Redhill, Surrey, which uses courier services every week to maintain contact with its operations in Africa, the Middle East and Far East. In the case of Nigeria, for instance, the company is currently using a daily run.

"We use courier services for sending out documents, company mail and even in extreme cases, where there are difficulties with the international mail, personal letters for employees. Prior to the advent of courier services everything had to go through the postal systems," comments Mr Gerard Trigg, the man in charge of shipping exports for Bristow Helicopters.

"We see three advantages in using courier services. The primary one would be cost, although that was not really the main reason we switched over to using them—there were also the factors of reliability and faster delivery. Door-to-door delivery from here to Nigeria is in most cases 48 hours."

Pilferage

Users of courier services have found they provide particular advantages when documents and even samples are being sent to countries such as Nigeria and Egypt, where all international mail is scrutinised very carefully, often causing considerable delays and which on occasions is liable to pilferage. Although not all courier traffic is accom-

panied door-to-door, the fact that it is collected by a courier company representative soon after arrival at an airport cuts down the chances of consignments going missing.

"Originally, the cost of using couriers was more than using the postal service but as the courier industry has taken off and expanded, giving the service-providers a greater throughput, so they have been able to keep their costs under control and even reduce them while postal costs have gone on increasing," says Mr Trigg.

Selection

"We find that generally courier services are more cost-effective now than using the postal system. For example, it might cost just over £14 to send a kilo consignment to Nigeria through the post compared with £7 via a courier service, although the price advantage would not be as great as that to all parts of the world."

When it comes to selecting a specific courier company the decision can depend on a number of factors. Some couriers offer exceptionally fast and frequent services but at a much higher price than those offering a slightly lower level of service.

"To some extent it is a question of picking horses for courses and using a courier which is known to be strong in the market we are interested in, but the levels of service provided also have to be taken into account," says Mr Trigg.

"We tend to prefer to use couriers who handle everything themselves the whole way through to destination rather than using agents. Some smaller couriers may also hand over some or all of their traffic to larger couriers, which can cause difficulties if anything goes wrong."

Bristow Helicopters tends to use Tradewinds Express, particularly to West Africa, but also on one Sanyal or World Couriers, the last of which is described by Trigg as "expensive but very good."

Another UK company involved with Nigeria is the Loomis Group trading organisation John Holt and Co (Liverpool), which uses courier services every night to send shipping documents, invoices and occasionally samples or spare parts through to company operations in various parts of the country such as Lagos, Port Harcourt and Kano.

Generally the company uses Tradewinds Express, not surprisingly since the latter is also part of the Loomis set-up, with collections made by ANC in Liverpool and taken overnight by van down to the courier company's office in Crawley, Sussex, before being put on the next flight to Nigeria. Door-to-door transit is normally put at around 36 hours.

"Usually we send a consignment from here every weekday night except Thursday—there is not normally much point sending anything that night because it would arrive in Nigeria on Saturday so we tend to send out on a Friday so that everything arrives in time for Monday morning," comments the office services manager for John Holt in Liverpool, Mr Douglas Vickers.

"We find that courier services are 50 per cent cheaper than the post to countries such as Nigeria and the U.S. From Gatwick to Nigeria, for instance, it can cost only £2.50 for a half-kilo consignment delivered by courier service."

Security

"Also, the postal service delivery can take anything from one week to three weeks in Nigeria. With a courier service delivery is far quicker and there is also greater security—you get a proof of delivery note from the courier company."

In addition to Tradewinds Express, John Holt also uses IML Couriers, mainly for European countries, or if it has something very urgent for West Africa which is being sent out on a Thursday it would not be collected under the regular Tradewinds arrangement.

The same two courier companies, plus other express delivery operators such as express parcels specialist City Link Transport, are also sometimes used for urgent deliveries within the UK when John Holt needs the guaranteed arrival of papers and documents.

"For example, just recently we had three letters from here in Liverpool which we had to have delivered in various parts of London the next day so we sent them down overnight via the courier service. Another example might be where someone has had a visa put in their passport and we have to get that to them by the next day so they can fly out to the country concerned," said Mr Vickers.

Rate levels

As far as general rate levels for courier services go, Mr Vickers observes these are open to negotiation between courier and customer as with any other shipping operations. Companies such as his, which use couriers on a daily basis, naturally expect better rates than those offered to casual customers.

Overall, both companies express satisfaction with the courier services they use.

"As with any market, where there is money to be made then you will get some companies who come in to run proper services and others more of the cowboy type," said Mr Trigg.

"You have to check around, either by giving trial shipments, which is not really entirely satisfactory because the courier may make a special effort on one, or by asking around and seeing what other customers say."

Bristow Helicopters has been using courier services for three years and in that time had only had one package go astray. Even that instance occurred when a whole courier bag was stolen.

If the couriers used by the company did show any signs of getting a little slack there were now plenty of competitors in most markets so customers are in a good position to demand better service.



All part of the service. Above, on-board courier Bernard Bulford, checks in for his 1,500th flight in eight years, this time connecting IML's Stockholm office with Amsterdam, hub of the network. Right, Quickstep cyclists who collect and deliver packages for Air Systems Couriers



Lynton McLain looks at how one international courier operates

So many tools of the trade

INTERNATIONAL COURIER operations start from their pick-up point in a variety of ways. Red, white and blue-painted bicycles and Concorde are, for example, among the tools of the trade for one typical air courier business. Air Systems Couriers, a company formed from one of the original pioneers of the air courier business, Loomis Courier Services of San Francisco.

Loomis, which is owned by Geico, the U.S. transportation company, carried the first-ever scheduled courier package across the Atlantic from London to New York on June 15 1970 for Bank of America, one of many banks which now use courier services.

The bank's concern was the potential financial losses incurred through interest losses during the carriage of cheques, cash letters and other financial instruments. For that initial single journey the company charged \$75 per kilogramme consignment, "but it insisted that the customer paid for a round trip," Mr Michael Davids, managing director of Air Systems Couriers observes.

Just over a decade later, DHL, one of the large international air courier companies, estimates that its bank and finance house customers save up to \$200,000 each day in interest payments through the swift transport of cancelled cheques and letters of credit by the company from Europe to the U.S. each night — savings which explain the willingness of the banks to pay the initially high charges to the air courier companies.

Lloyds Bank International is one long-standing customer of Air Systems Couriers. The bank has a substantial volume of urgent, generally inter-office mail and documents for its U.S. offices and the volume is too great for electronic means to be used for sending the mail.

The bank gets in return for its spending time-collections by the courier company. At precise and agreed times each day, a messenger, possibly one of Air Systems Couriers' "Quickstep" bicycles, arrives at the headquarters of the bank, for a collection which is logged and timed ready for delivery to the airport to catch the 6 pm evening departure to New York.

Lloyds Bank International evaluated the Post Office Dashed-post collection and delivery system, but found it "too expensive in comparison with air courier operations." The Post Office wanted a minimum payment each month, "payable whether or not the system was used," the bank says.

Under the air courier system, the weights are grossed up at

the end of a month and charged accordingly on a price per kilogram basis.

Air Systems Couriers uses Amsterdam as its European "hub" base for traffic coming into and heading out of Europe. Every night couriers arrive from European centres and every morning, couriers leave Amsterdam for their final destinations.

Hub centre

In each hub centre, the courier company has a radio-controlled vehicle covering a specific area. This vehicle deals with the regular daily pick-up which represents about half of the company's total business. The balance of business is taken up by orders received over the telephone and the instructions are then transmitted to the appropriate radio van.

The latest pick-up from the City of London is 4.00 pm if the package is to catch the 6.00 pm flight to New York.

All vehicles have to be back at the courier depot near Heathrow Airport by 4.30 pm. The paper work is done on the way, in the radio van. The courier then takes the bags and associated paperwork to the airport to a special desk set aside by the airlines for couriers. This is in the passenger terminal

and the courier checks in one hour before take-off, almost as if he or she is an "ordinary" passenger.

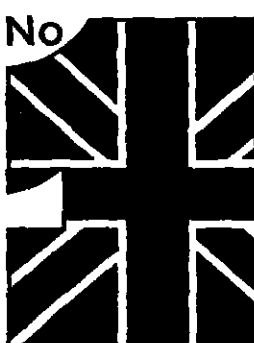
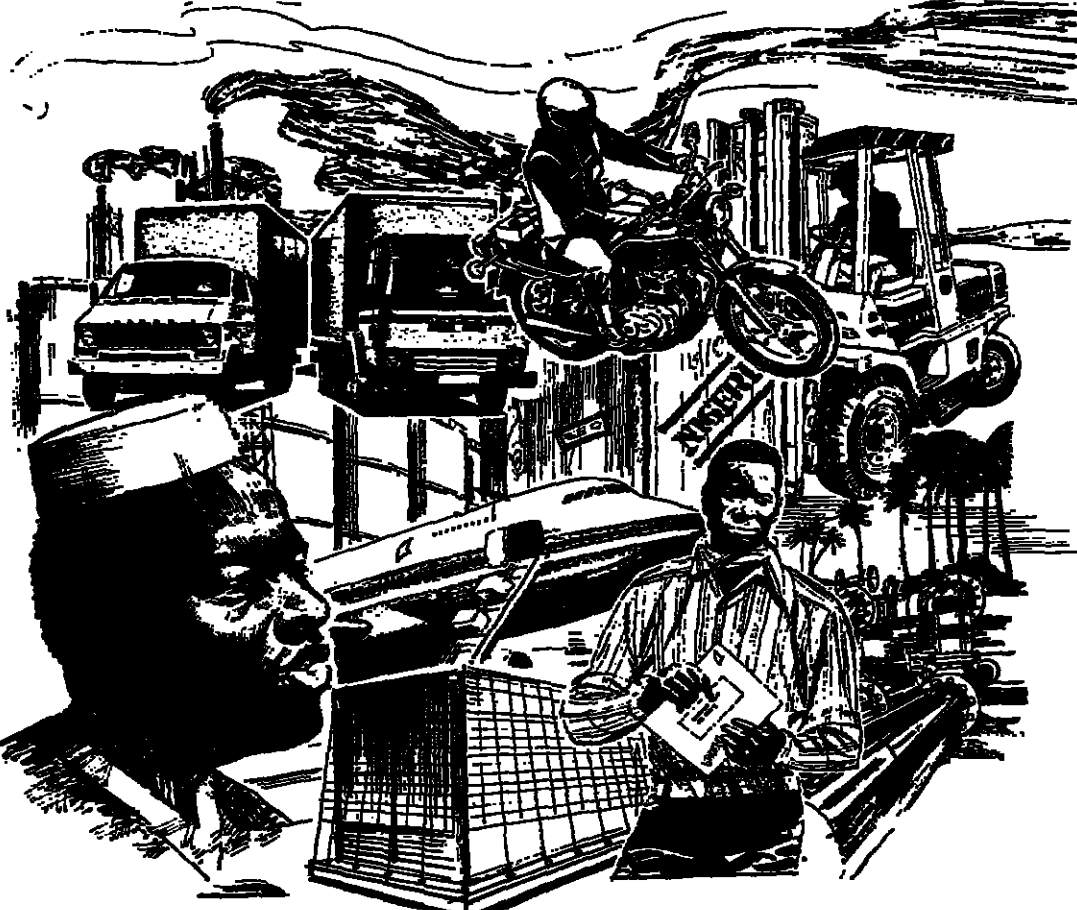
The difference, of course, is that the courier is accompanying anything between 10 courier bags and 40 courier bags, each of 32 kilogram, in a typical day's business for Air Systems Couriers between London and New York.

The courier is checked in by the airline, while the baggage manifests, the descriptions of the items carried, are given to customs for checking.

On arrival at New York, or any other international destination, the courier is met by the company's customs broker, who meets the courier on the aircraft side of the customs' barrier. The courier checks that the bags he placed on the aircraft in London are those that he checks-off on arrival at New York.

The customs broker presents one consolidated bulk entry of all documents for his client to the customs officials, and the courier is met by personnel from the courier company and taken to its operating base near the airport for further sorting before the final delivery to the customer's address in New York or for a connecting flight to anywhere in the U.S., Canada or elsewhere.

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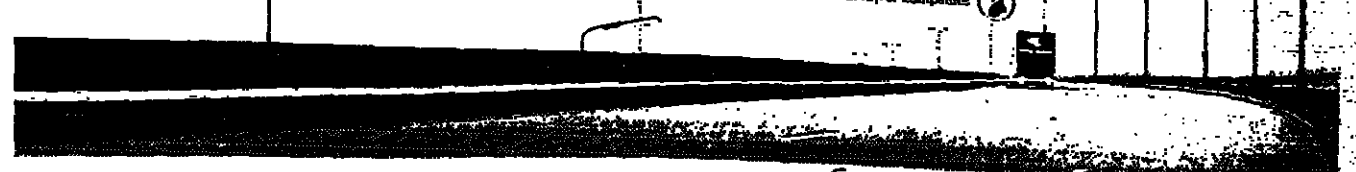
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COURIER AND PARCEL SERVICES V

Airlines have a new source of revenue, says Michael Donne Concorde in courier deal

THE DEVELOPMENT of the air courier industry has been rapid in recent years. Founded only a few years ago to meet an increasing demand from companies and other organisations to deliver swiftly "time-sensitive" documents and items—such as cheques, credit card payment slips, contracts, tenders and other documents, medicines and pharmaceuticals and even urgently needed spare parts—the air courier industry is now estimated to have a turnover of over \$200 worldwide.

There are those in this still very young industry who believe the potential to be unlimited. The use of individual couriers, said airlines is not new—long as there have been scheduled air services. "In-house" couriers employed by big companies have flown about the world, personally carrying items of high value and small unit weight—one example has been in the diamond and precious stones business. In a number of cases, major companies have even also employed their own private chartered aircraft to ship quantities of documents or other items quickly to a distant destination.

The growth of the international air courier business, as an industry in its own right, however, has been comparatively recent. The development of the industry over the past few years has been such that in 1981, a special statutory exemption from the UK postal monopoly was made for international couriers, and since then the industry has expanded sharply.

That the air couriers are meeting a long-felt need is indicated by the fact that growth rates are upwards of 70 per cent a year—and that is achieved at a time of world-wide business recession. Mr Andrew Walters, managing director of IML, one of the top courier companies in the UK, believes that when the recession is over, business expansion generally will bring with it an even more rapid growth rate for the air courier industry.

International

It is important to bear in mind that the air courier business is essentially international. While it is common for companies to use their own couriers to carry important documents or other items on internal air services, in general there is no need for them to set up a rival operation to the international postal service.

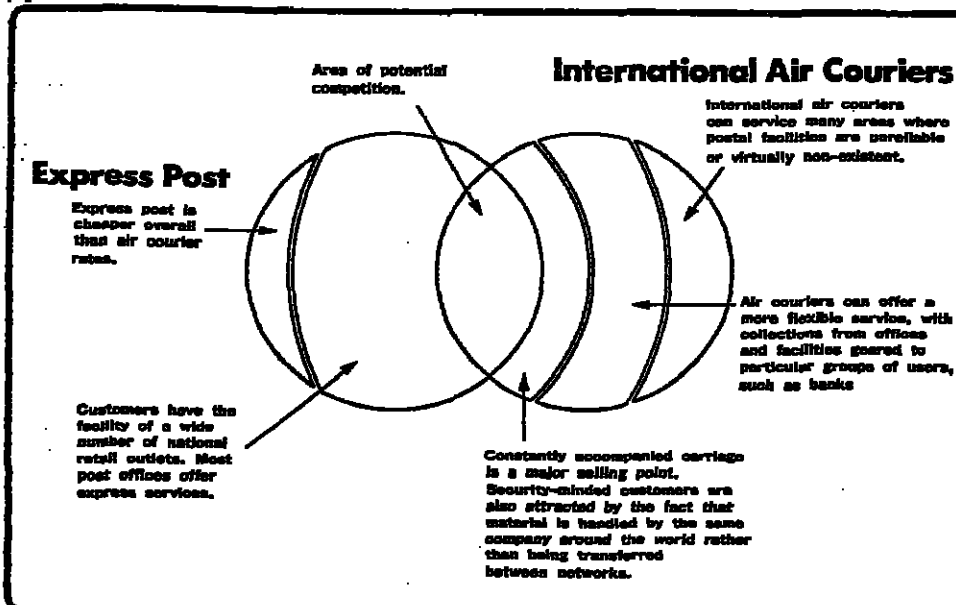
The international postal service, however, is a much slower affair, even in today's climate of extensive air mail facilities, and even the postal services between such countries as the UK and the U.S. can take far longer than many companies can tolerate.

There was recognition of this situation that touched off the development of the air courier services in the first place, with special emphasis on the transfer of time-sensitive material of all kinds.

There was an inevitable period during which the courier industry had to struggle to develop the necessary reputation for speed, economy and reliability. There could not and still cannot be any failure to achieve delivery.

Indeed the reputation for reliability built up by the air courier industry is now such that only an air disaster involving the loss of the aircraft and all its contents is likely to dent the courier's image—and with today's emphasis on safety in air transport, the chances of such accidents are comparatively remote.

There is an important distinction



Source: AIACS

tion between the small parcels services run by many airlines and the air courier services. Under the former, which had been popular for many businesses for some time, the packages are either picked up by freight forwarders and delivered to the airport, or taken direct by the customers to the airlines. They are then carried as freight on scheduled services to their destination airport, where they can be retrieved either by customers, or by freight agents for onward delivery.

Within the U.S., this kind of small parcels service has now become very big business indeed, with a number of air transport operators, notably Emery Air Freight and Federal Express, running their own extensive fleets of aircraft dedicated exclusively to small packages and parcels business, with a one-day delivery system offered internally throughout the U.S.

The size of the internal U.S. operation involved can be gauged from the fact that Frederick W. Smith as recently as 1972, now owns its own fleet of over 30 mini twin-jet aircraft, plus a further 100 and over 30 larger Boeing 727 tri-jets, with over another 20 727s on order. All of these aircraft are involved in the operator's small package service centred on Memphis, Tennessee.

The jets pick up the packages all over the U.S., fly into Memphis where an extensive sorting operation is conducted, and then fly out again to specific destinations—over 240 in all during the night, for delivery to be made next morning. The Official Airline Air Cargo Guide lists over 100 "small-package" operations run worldwide by the scheduled airlines, under many different names.

Specialised

In general terms, these airline services are limited to packages of up to about 50 lb in weight (with some up to 70 lb), to single items (no lots allowed), and a maximum item value of about \$500. They represent a specialised service to guarantee fast delivery of small packages between airport. But they are still essentially air freight operations, and as such are not in the same category as air courier operations.

The distinction, which separates these airline operations from the air couriers, however, is that with the latter, the bags of documents, packages and so on are totally "desk-to-desk," parcels being actually escorted on their journey all the way.

The packages can be picked up from the customers' premises by the courier companies, or delivered to the couriers' own offices, whence they are taken to the airports by the specially appointed couriers for each flight, who are responsible for ensuring that the bags—of which there may be a number for any particular flight—are properly checked in with the relevant airline, and that the documentation is correctly processed.

Bags checked

The courier then travels aboard the same flight on which the bags are carried, and is responsible at destination for retrieving the bags, and handing them over to the receiving agent for the courier company, who in turn is responsible for their onward transshipment to final destination.

In most instances, the bags are checked in as passenger baggage, and carried in aircraft holds, but for even speedier handling, it is not unusual for the courier to carry the material personally into the passenger cabin, so that direct contact with it can be maintained throughout the journey.

In some cases, it is even possible for the courier to book two seats instead of one, with the items being carried on the seat immediately next to him. The essential feature of the air courier operation is this high level of personal attention throughout, coupled with the fact that in many instances the air courier services are cheaper than the normal air freight channels.

The air courier business is also exceptionally efficient, and extremely fast, with same-day delivery services to the U.S. and many other parts of the world, depending upon the distance to be travelled. The organisations themselves operate widely internationally, and many of them are now increasingly equipping with the most up-to-date technology—individual computer control of items from reception to delivery, so that at any time the company knows exactly where a particular item is.

DHL, which is generally recognised as the market leader, with over 5,000 staff, has about 400 offices in over 90 countries, with specialist customer services units, computerised control of consignments, and its own aircraft for some European and internal U.S. routes, and even a helicopter to rush urgent documents to Heathrow from the City in ten minutes. DHL has its couriers flying on about 200 separate flights every day. One of the most recent

developments has been the extension of courier services to the Concorde supersonic airliner. British Airways has reached an agreement with three major UK-based courier services—DHL, Skypak and Securicor Air Courier—to carry their couriers aboard Concorde each day to New York, to provide a same-day delivery service.

The airline says that customers now requiring really fast transatlantic links can have time-sensitive documents or small parcels picked up by the courier services, and rushed to Heathrow in time to connect with the 1800 hours Concorde departure to Kennedy, New York, where it arrives at 1655 local time.

The system works just as well on the Heathrow trip, with documents leaving Kennedy on Concorde at 0915 local time, arriving at Heathrow at 1815; they can then be put onto available flights next morning for transshipment into Europe or the Middle East.

British Airways says that the new service is likely to provide it with an additional £1m revenue a year, while at the same time benefiting the courier services and providing an added aid to business and commerce.

Low costs

For the type of service involved, Air Courier costs are remarkably low. The charges vary according to size of consignment, and distance flown. Many customers use air couriers on a contract basis, paying between £50 and £75 a month and about £2.25 to £5 for a half-kilo transatlantic package. For irregular users, a standard charge, generally of around £15 to £20, is levied on each collection.

Finally, there is the question of the trust that customers can place in air courier companies. The major air couriers themselves have been long aware of the need to establish total reliability with their customers, and to isolate, if not eliminate, any tendency for "cowboy" type operations to emerge.

They have accordingly set up the Association of International Air Courier Services (AIACS), to which all the leading companies belong. The association insists on adherence to a tough code of conduct that protects users from misleading advertising or unprofessional activities, and Courier Companies who cannot meet the Association's criteria cannot join. A full list of members can be obtained from the secretary, PO Box 10, Leatherhead, Surrey.

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COURIER AND PARCEL SERVICES VI



One of National Carriers Eastern vehicles used by British Rail for their "cross London" Red Star business. Right, a Red Star parcel being handed to the guard of an Inter-City train at Peterborough

Hazel Duffy discusses the operations of BR's main profitable area

BR pins hopes on Night Star

BRITISH Rail claims to have created the premium parcels business with its Red Star service, although it admits that it did not realise the extent to which the market would grow when Red Star got under way in the early 1970s.

The service differs in certain respects from those operated by private sector companies using road transport. It has the advantage that it can offer a large network—around 700 stations are linked to the service—and same day delivery, but it normally requires that customers take the package to the station, and arrange for it to be picked up at the other end for the same day delivery. On the other hand, BR claims that it offers greater flexibility than road operators because it gives a timetabled service.

BR will arrange, however, for parcels to be picked up and delivered, using City Link, an independent express parcels operation.

Red Star obviously appeals in large measure to the small businessman who does not have sufficient volume to justify a contract for regular transport of packages, but needs the

reliability and speed that the railways can offer. It also appeals, however, to larger business undertakings—about one quarter of its £30m annual turnover comes from contract work and last-minute rush jobs which might be needed by any company at some stage.

Mr Michael Connolly, director of BR Parcels, reckons that there is probably not a company in the country which does not use Red Star at some stage in a year.

Loyalty

BR estimates that it has recovered all but 5 per cent of its premium parcels business since the highly damaging rail strikes last year, which knocked £5m off its revenue targets for this section of the BR Parcels business. It believes that this in itself is testimony to the loyalty of its customers and the quality of service that it offers.

BR introduced a new service, Night Star, last November. This differs from Red Star in that it is an overnight service, with delivery guaranteed to the door of the customer by midday the next day, thus competing more directly with the bulk of the

premium parcel operators. If BR fails to meet its guarantee, the fee is returned but so far it has not had to meet any such claims. BR contracts out the road delivery part of Night Star to City Link Transport, a leading express parcels operator. The target revenue for the new service is £5m annually, although Mr Connolly thinks it unlikely to be achieved in the first year.

BR Parcels is one of five rail sections created by BR early last year. In addition to premium parcels, which contribute about one quarter of total sector revenues, it comprises major contracts with the Post Office for the transport of letter mail and parcels, newspaper publishers, distributors of periodicals, etc. The sector is the only conspicuously profitable part of BR, returning a net profit of just under 10 per cent on turnover.

The premium parcels business has emerged as a highly competitive sector of distribution in which BR, having once had it almost to itself, now has to go out into the market and sell as hard as the private sector operators. Mr Connolly admits that

the recession and the competition have "stunted Red Star's growth," but he is confident that the new Night Star service will carve a place for itself, and that Red Star will hold its leadership in same-day deliveries.

His customers include all sectors of industry and services who "want to move something in a hurry." However well-organised a company may be, there will always be a time when a package—perhaps a vital spare part, or computer documents—must be moved immediately. In some respects, he says, "we operate to get people out of trouble."

BR's competitors have tended to dismiss the rail service as too inflexible because it requires the package to be taken to the station. The figures, however, demonstrate that BR serves a prime need in this area, particularly among small companies. The success rate of the Night Star service, which competes more directly with the overnight service that is offered by its competitors than the same day Red Star, will be the proof or otherwise that BR can compete in a rapidly changing and highly price conscious sector.

Arthur Dawson looks at changes in the express parcels sector

Search for new areas of profit goes on

WHEN THE ABC Freight Guide comes out in May it will contain a pull-out map of the British Isles on which will be about 400 dots in or around 232 towns where services are being offered by companies affiliated to the Express Parcels, Warehousing and Distribution Functional Group of the Road Haulage Association. Last year there were about 225 entries. Not all the increase reflects growth because Securicor joined the group during the year and 165 of the entries relate to that company.

A series of codes indicate seven basic services: warehousing, distribution: international, Northern Ireland, Irish Republic, same day delivery and next day delivery. Most of the big names are included: Thomas Nationwide Transport, Atlas Express National Carriers, Roadline, Carryfast and Lex Wilkinson.

The RHA now has more than 87 companies in the express parcels group but many businesses in other RHA groups are also into parcels services. While it is not possible to arrive at any accurate estimate it is clearly a thriving and expanding sector.

In a market as heavily fragmented as parcel delivery services it is also difficult to arrive at total value but this is believed to be in the region of £500m a year.

Competitive

As might be expected in such a highly competitive field each company tends to keep its cards very close to its chest about where growth and profits lie. But something can be gleaned from the areas in which new services are being introduced.

Securicor has probably had the most rapid growth. Its parcels service was started no more than 15 years ago to carry data between banks and computer centres. According to the latest annual profit figures (September, 1982) the parcel services had grown to a remark-



Operations control room at Lex Wilkinson's £6m computerised mechanical sorting centre, The Hub, at Nuneaton

able £80m or 39 per cent of total turnover of £239m. The consumer boom which got under way in the second half of the year to September was partly responsible for this buoyancy.

The company now services about 10,000 bank branches, collecting data when the premises close and returning material from the computer centres by the time they open the next day. Nine other basic facilities are offered and it is strong in the next-day delivery service.

Like many of the big operators it is actively engaged in acquisitions in related fields. Recently it took over Pony Express the motor cycle delivery service operating in centres such as London, Birmingham, Manchester and Glasgow.

Considerable research is being carried out by many of the big operators to see what areas can still be exploited.

Courier Express, owned by Securicor Services which is itself part of De La Rue the security printing to boilers group, recently completed a deal with Ryman, to bring in a new next-day delivery service, the Parcel Shop.

Mr Barry Blackshaw, marketing director of Courier Express, believes there are about 30,000 urgent parcels or envelopes generated in the area around eight selected Ryman office equipment stores in London. The parcels are delivered or collected at these eight centres and Ryman can also cash in on selling materials to wrap up and secure the parcels.

"The Parcel Shop is going well," says Mr Blackshaw. Of a survey carried out among 125 users it was found that some 70 per cent of them planned to use the service again. "They find it very convenient." He believes the Parcel Shop is more than in line with his forecast of achieving a 2 per cent penetration of that particular sector.

Not every new venture can claim to be successful, as Thomas Nationwide Transport (TNT) found out to its cost when it launched Homefast, a private parcel delivery service last year.

Homefast was aimed at the large mail order business and hoped to achieve a target of 1m parcels a week by the end of

last year. Its introduction brought a tremendous outcry from the Post Office unions who saw it as a threat to their contract parcel business.

The idea was to offer a five-day delivery service, longer than the claim of 48 hours of three days for Royal Mail but evening delivery to households seen as a major advantage as far as mail order business customers were concerned.

"When we started the service that particular market was stagnating," says Mr Adam Shuter, marketing manager of TNT UK. "Our entry made the market place much more competitive." The reaction was so strong, very aggressive pricing and marketing by the Post Office which is very strong in the mail order carrying business. Coupled with a recession in the mail order business, this led to the abandonment of the service last year.

TNT has itself been active recently on the take-over front, particularly in the courier area. It acquired Skypak and has now formed TNT Skypak which includes TNT Worldwide Courier Services as well as Suparish USA which offers a second-day delivery service of dutiable items to the US.

British Rail and the Post Office are dealt with elsewhere in this survey but the Post Office has made an amazing recovery from the gloomy days of more than five years ago when losses reached more than £40m and caused it to consider leaving the parcels business entirely to private sector competition.

Wider range

Like the private sector it is constantly seeking new areas for its services and has introduced about 10 a year for the past three years. It is now widening its range of personalised services. At the end of last month it raised the weight limits on parcels that can be posted at most of Britain's 22,000 Post Office counters.

The size of the parcels can also be bigger which means that for the first time many tools, machine spares, domestic electrical appliances, and even rolls of wallpaper can go over the counter.

Just what effect this will have on the private sector remains to be seen but so far competition has tended to result in identifying more areas where business can still be generated.

Phillip Hastings reports on a £6m system

How Lex Wilkinson monitors its parcels

MAJOR USERS of Lex Wilkinson's parcels distribution system can be able to have direct access to the company's fully on-line computerised monitoring system which tracks the whereabouts and status of all consignments.

After that development the system, known as Wilkonrol, could then well be extended to allow customers to feed in directly information about their consignments. Ultimately, Lex Wilkinson believe, it should be possible to develop a totally paperless system under which the company and its customers correspond entirely by computer.

Wilkonrol now acts as the control and monitoring system for a nationwide parcels operation run by Lex Wilkinson. Three basic products are offered—Expressline, a two to three day express parcel service; Nightline, a next-day parcel service; and Systemline, a tailored distribution operation.

Focal point for the parcels services is a £6m purpose-built distribution hub at Nuneaton, Warwickshire. The hub covers a total 18-acre site just off the M6 motorway, and Wilkonrol have now been fully on stream for two years.

Included in the hub operation is a 40,000 square feet computerised mechanical sorting centre capable of

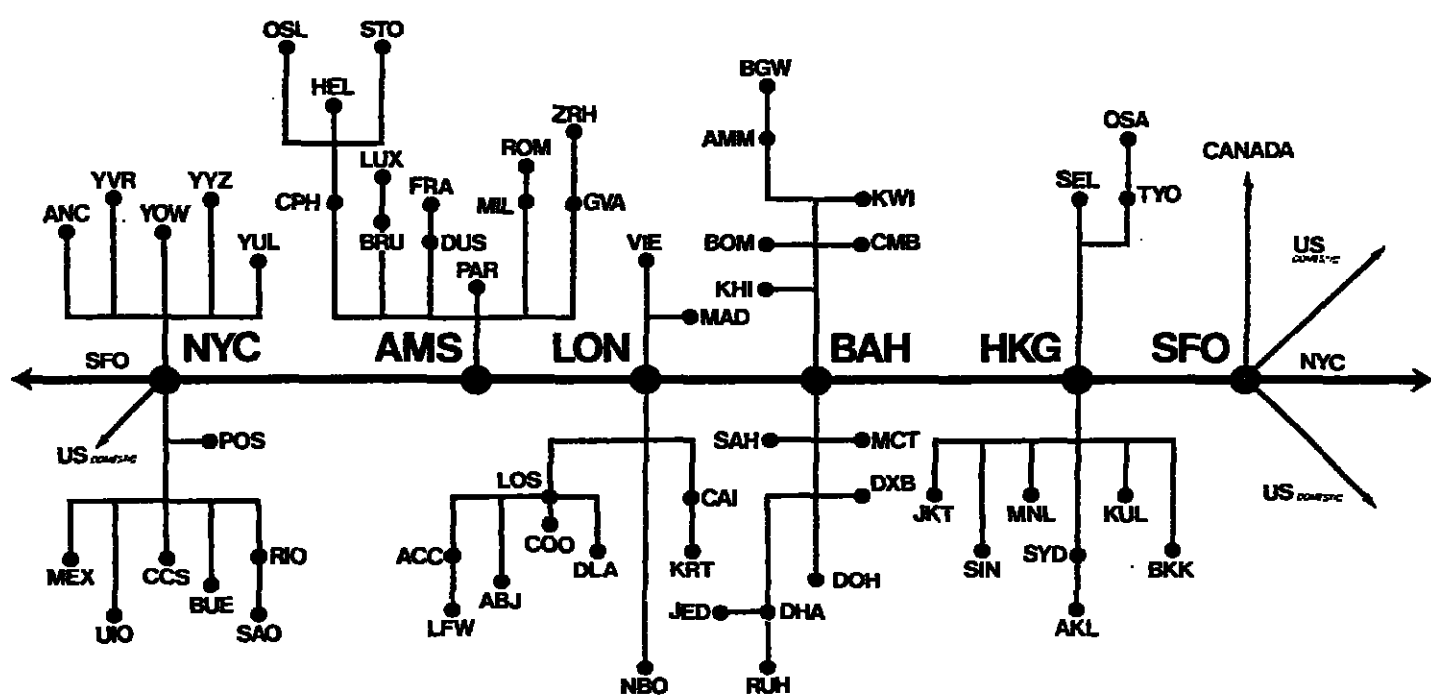
handling up to 100,000 parcels a day. It handles all Lex Wilkinson's tracked traffic and provides the principle that it is empty when the sorting shift starts each evening and is empty again when the shift ends the following morning.

Basically, the sorting operation employs two mechanical handling systems: a tilt tray system catering for parcels up to 25 kg in weight and 300 mm in length and a tilt slat arrangement for handling larger and heavier parcels.

16 depots

The handling systems, which were installed by the Danish firm Kastrup Crampton, are serviced by 76 fully automatic doors leading to the loading and unloading bays—28 infeed stations, 28 outfeed chutes and 20 bays for the small freight traffic which makes up the second aspect of the hub's activities.

For regional collection and delivery of parcels and other freight, Lex Wilkinson has 16 depots around the UK plus four associated depots in Northern Ireland and the Republic. Each of the company's depots, the hub, its administration centre at Bedworth, Coventry and the head office at High Wycombe, Buckinghamshire, are linked to the Wilkonrol system.



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